

Housing Rights

Policy Briefing

Exploring the Local Policy Implications

A policy paper to accompany Housing Rights research:

Falling Behind

Exploring the gap between Local Housing Allowance and the availability of affordable private rented accommodation in Northern Ireland.

Policy Briefing
Housing Rights
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The full research and the executive summary of *Falling Behind: Exploring the gap between Local Housing Allowance and the availability of affordable private rented accommodation in Northern Ireland*, are available from [HousingRights.org.uk](https://www.housingrights.org.uk)

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1. Context

1.1. Housing Rights

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. Housing Rights undertakes research to inform and support policy development in areas relevant to the experience of our clients.

For people accessing our advice services, affordability concerns are pressing across all tenures. Nowhere is this problem more acute, however, than in the private rented sector. Private renters routinely account for over one third of the enquiries we receive each year, despite official statistics indicating that only around one eighth of households in NI live in the private rented sector.

1.2. This Research

In late 2018, Housing Rights undertook research to explore the difficulties experienced by low income households in Northern Ireland who lived in the private rented sector and received housing benefit, paid at the Local Housing Allowance rate.

Housing Rights understood that over half (55%) of private tenants in Northern Ireland are in receipt of Housing Benefit / Local Housing Allowance and that it is in this sector where the highest housing costs are found.¹ Recent research by the NIHE further identified that 87% of private renters in receipt of Local Housing Allowance, have a shortfall between this amount and the amount of rent they pay to their landlord. However the extent of the shortfall experienced and the impact of such a shortfall had not been sufficiently researched in Northern Ireland.

Housing Rights' research therefore, aimed to quantify the affordability problems experienced by this group, to understand how this experience has changed in the last ten years and to identify what the implications of this experience are for policy makers in a number of different areas.

This policy paper is designed to be read alongside the research² and intends to explore in further detail the policy implications which arise from the research findings. The paper begins by setting out the relevant policy areas which intersect with the issue and which are therefore implicated by the findings.

¹ "Households with the highest housing costs were in the private rented sector spending an estimate of £87 per week. This compares to estimates of £74 in the social rented sector and £52 for those buying with a mortgage." Department for Communities, 'Northern Ireland Housing Statistics 2016-2017' <<https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2016-17>> p.10 (accessed November 2018)

² The full research and an Executive Summary are available to access on the Housing Rights website at www.housingrights.org.uk

2. Summary of Recommendations

Recommendation	Policy area	Responsible authority /authorities
1. Housing Rights recommends that the draft PfG is reviewed to assess how the inclusion of housing as a standalone outcome could better promote the wellbeing of and tackle disadvantage amongst, low income private tenants impacted by the growing gap between LHA and private rents.	Programme for Government	NI Executive Department for Communities
2. Housing Rights recommends that the draft PfG is reviewed to assess how the inclusion of housing as a standalone outcome could better promote the wellbeing of and tackle disadvantage amongst, low income private tenants impacted by the growing gap between LHA and private rents.		
3. As an interim measure, Housing Rights recommends that the Department for Communities which has responsibility for both housing and poverty, take steps to improve the position of low-income private renters by engaging stakeholders.		
4. Housing Rights recommends that further policy development in this area includes a comprehensive assessment of the housing affordability concerns of people in all housing tenures in Northern Ireland, including those private renters impacted by changes to Local Housing Allowance. Both the definition of and the proposals to provide affordable housing should clearly and directly link to this evidence base. 5. Housing Rights considers that the proposed definition could be strengthened if it included assessment of housing costs and household income. In our view, the work currently being done by the Affordable Housing Commission (discussed later in this response) to define affordability and affordable housing is best practice which the Department should adopt.	Affordable Housing	Department for Communities (Housing Division)
6. Housing Rights views the evidence presented in this research as further underlining the need for (at minimum) LHA to be re-set to ensure it is in line with the stated policy intention that it covers the bottom third of the market.	Local Housing Allowance & Welfare Reform	Department for Work and Pensions Department for Communities (Social Security)
7. Housing Rights therefore recommends that the current welfare mitigation measures are continued beyond March 2020.		
8. Housing Rights therefore recommends that the NIHE operational guidance is reviewed to ensure access to		Northern Ireland

<p>Discretionary Housing Payments for affected private tenants is maximised within the parameters permitted under the Discretionary Financial Assistance Regulations. 2001 (as amended).</p>		<p>Housing Executive</p>
<p>9. Housing Rights recommends that the Department for Communities and the NIHE consider what additional practical support could be provided to private tenants. This could be in the form of access to affordable credit, access to white goods etc. Research should be undertaken to understand what type of practical support would be beneficial and what best practice models exist elsewhere. This research should inform future service delivery in this area as part of any revised mitigation package.</p>		
<p>10. Housing Rights therefore recommends that the NIHE undertake analysis of the data available on homelessness presentations to better understand the affordability concerns of private renters and the impact that this has on homeless presentations.</p>	<p>Homelessness</p>	<p>Northern Ireland Housing Executive</p>
<p>11. Housing Rights recommends that the Department for Communities remove from consideration, the proposal to discharge the duty on a tenure natural basis (i.e. to discharge the duty in the private rented sector).</p>		<p>Department for Communities (Housing Division)</p>
<p>12. Housing Rights recommends that the Review of the Private Rented Sector proposals are reviewed in light of the findings of this research and that consideration is given to strengthening the proposals in relation to affordability.</p> <p>13. In order to facilitate this, Housing Rights recommends that a housing led taskforce is established which includes relevant senior personnel from the social security function of the Department for Communities to assess what steps can be taken to enhance the role and regulation of the sector from an affordability perspective.</p>	<p>Private Rented Sector</p>	<p>Department for Communities (Social Security & Housing Divisions)</p>
<p>14. Housing Rights therefore recommends that the Department for Communities should more fully consider how initiatives to reduce debt and increase financial capability can be targeted at private rented tenants in receipt of Local Housing Allowance. The Department for Communities should particularly consider this recommendation in the context of a new Debt and Financial Capability Strategy for Northern Ireland.</p> <p>15. Housing Rights also recommends that initiatives which develop to improve access to affordable credit, should be mindful of the difficulties faced by private rented tenants and seek to specifically include them in any schemes</p>	<p>Debt & Financial Capability</p>	<p>Department for Communities (Social Security & Voluntary & Community Divisions)</p>

3. Local Policy Context

3.1. *Programme for Government*

The overarching framework for all local policy development in Northern Ireland is the draft³ Programme for Government (PfG) produced in 2016, which is described as the ‘highest level strategic document of the Executive’⁴. The draft PfG is an outcomes-based framework which coordinates all government action for the purpose of *‘improving wellbeing for all- by tackling disadvantage and driving economic growth’*.

Specifically, success under outcome 8 *‘We care for others and we help those in need’* will be indicated (in part) by positive improvement in the number of households in housing stress.

Under outcome 3 *‘We have a more equal society’* the PfG lists measurement of the percentage of the population living in absolute and relative poverty (before housing costs) as an indicator of progress towards this outcome.

The Executive operationalised responsibility for indicators under the PfG by assigning each to a Senior Responsible Owner (SRO) in the lead government Department and instructing that Delivery Plans were developed outlining the nature of the issue and how the relevant Department intended to ‘turn the curve’.

Both indicators were assigned to SROs in the Department for Communities which holds responsibility for addressing both housing and poverty concerns. In neither Delivery Plan, however, is there consideration of the extent of the affordability concerns which face low income private renters in Northern Ireland.

3.2. *Affordable Housing*

In June 2019, the Department for Communities published a consultation seeking views on the definition of ‘affordable housing’, the purpose of which was to *‘agree a clear definition of affordable housing that can be applied consistently in legislation, policy, local plans and in practice’*⁵.

The paper emphasises that the proposals put forward are *‘initial thoughts’* rather than definite proposals. It is unclear from the paper if the Department consider the definition to also apply in the context of the private rented sector. The paper also omits assessment of both the affordability problems in the housing market as a whole and any analysis of the definition of affordability beyond a market or product-based definition, including e.g. income levels.

³ The document is referred to as ‘draft’ as it was not signed off by the NI Executive prior to the collapse of the NI Assembly in January 2017.






⁴ Description of the draft Programme for Government on the government webpage. Accessed at <https://www.northernireland.gov.uk/consultations/programme-government-consultation> on 2nd August 2019.

⁵ JRF (2017), *‘Benefit freeze is the real problem, not Universal Credit’*, Joseph Rowntree Foundation blog (18 October 2017)

3.3. Local Housing Allowance & Welfare Reform

In 2017, poverty experts at the Joseph Rowntree Foundation identified the Benefit Freeze as having contributed to greater levels of poverty, than any other benefit change. The comment, in a blog on the Foundation's website, was intended as a salutary reminder that the most recent waves of Welfare Reform (the introduction of the Benefit Cap, Social Sector Size Criteria and Universal Credit) represented part of line of successive cuts to benefit entitlements of low-income households. Housing Rights research explores the impact of a catalogue of benefit changes (outlined in the table below) which impacted low income private renters and which occurred in the years leading up to these more recent changes.

Table 1: Timeline of policy changes relating to LHA rates in Northern Ireland:

 2008	LHA rates introduced, initially set to cover the bottom 50% of the market rent and based on the number of bedrooms required (up to 7 bedrooms) and the rent levels in the local Broad Rental Market Area (BRMA).
 2011	LHA rate reduced from median to 30th percentile (bottom 30% of the market) for 5 property types (up to 4 bedrooms).
 2012	Shared accommodation rate applicable to single adult claimants under 35 (previously this rate applied to those under 25).
 2013	LHA rates no longer up-rated quarterly, with up-rating taking place annually. LHA rate capped at previous year's figures plus CPI inflation
 2015	LHA rate frozen at 2015 level for most BRMA area / property types – subsequent up-rating for some (not all) BRMA areas / property types of up to 3% p.a.

Following the introduction of the Welfare Reform Act for Northern Ireland in 2015 and the subsequent Fresh Start Agreement, however, a policy decision was taken by the Northern Ireland Executive to mitigate some of the most recent elements of welfare reform.

The mitigation measures included a range of supplementary payments to protect those impacted by changes such as the introduction of the Benefit Cap and the move from Disability Living Allowance (DLA) to Personal Independence Payment (PIP). Critically, a supplementary payment was also introduced to protect social housing tenants whose housing benefit was to be reduced for under occupying their property as a consequence of the Social Sector Size Criteria ('bedroom tax'). The measures further included access to a Contingency Fund for Universal Credit claimants and proposals for a range of practical support to those worst affected. All the measures introduced were time limited and are due to expire in March 2020.

A joint publication by Housing Rights, Law Centre NI and Advice NI in November 2018, which highlighted the need for continuation of the mitigation arrangements also identified that the future policy direction of the Department in this area, ought to also take account of the wider benefit changes which have impacted low income households. The report particularly noted Universal Credit, the impact of LHA reductions and the two-child tax limit. **Specifically, the report notes, for example, that the introduction of the supplementary payment to protect social tenants from the 'bedroom tax' "brings into sharp focus the**

absence of any such arrangements for other low-income households who have also been impacted by reduced government support with their housing costs”⁶

Earlier this year, the Department for Communities produced a review of the welfare mitigation arrangements which included possible options for continuing the mitigations in the absence of a NI Assembly which could pass necessary legislation. Subject to a budget being available, the report notes that the supplementary payments for the ‘Bedroom tax’ and Benefit Cap, could continue to be paid under Discretionary Housing Payments (DHPs).⁷ The report does not consider how this could be achieved operationally in a way which meets the needs of those impacted (although it identifies the difference between an automatic supplementary payment and an application based discretionary payment). Nor does the report consider how those groups currently reliant upon DHPs (in Northern Ireland this is largely private tenants with a shortfall between their housing benefit and their rent) could continue to be protected with increased demand on the DHP budget.

3.4. Homelessness

In 2017, Northern Ireland’s regional housing authority, the Northern Ireland Housing Executive (NIHE) published a five-year strategy to address homelessness in Northern Ireland following a public consultation. The strategy, *Ending Homelessness Together*, lists as the first objective, to prioritise homelessness prevention and positions as central to this work, the rollout of a housing options model, referred to by the NIHE as a Housing Solutions and Support (HSS) model. HSS aims to assist people who are close to or are experiencing homelessness by tailoring the services offered to them to ensure the housing solution is sustainable. In appropriate cases, highly trained staff will try to sustain private tenancies or work to place people in the private rented sector if this option is sustainable for them.

The strategy notes loss of rented accommodation as one of the top three reasons for all homeless presentations (accounting for around 13% of the total presentations).⁸ Despite the reduction in homeless presentations in the first year of the strategy (18,573 presentations in 2016/17 vs 18,180 in 2017/18), the NIHE noted that there had been an increase in the proportion of homeless presentations which related to loss of rented accommodation from 14.4% in 2016/17 to 14.7% in 2017/18.⁹

Concern regarding the role of the private rented sector as a driver for homelessness (through loss of rented accommodation) is amplified when one considers subsequent policy proposals by the DfC in relation to the allocation of social homes. In 2017, the DfC published a consultation on a Fundamental Review of Social Housing allocations.¹⁰ Amongst the policy suggestions listed was a proposal that the NIHE could meet their duty to homeless applicants on a tenure-neutral basis, provided that the accommodation meets certain

⁶ Housing Rights, Advice NI, Law Centre NI (2018) *Welfare Reform: Mitigations on a Cliff Edge*.

Available at:

<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf> p.8

⁷DfC (2019) *Review of Welfare Mitigation Schemes*. Available at: <https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf> p. 44).

⁸ NIHE (2017) *Ending Homelessness Together: homelessness strategy for Northern Ireland 2017-22*. Northern Ireland Housing Executive p.8

⁹ NIHE (2018) *Homelessness Strategy 2017-22 Annual Progress Report 2017-18*. Northern Ireland Housing Executive p.63

¹⁰ DfC (2017) *A Fundamental Review of Social Housing Allocations: consultation on proposals*.

Department for Communities NI.

conditions (proposal 4). Whilst this proposal will require a Minister to progress, it is an important indication of the policy direction being taken with regards to both addressing homelessness and the role of the private rented sector – despite the evidenced affordability issues which exist for low income tenants.

3.5. The Private Rented Sector

Between 2015 and 2017, the Department for Communities (DfC) undertook a review of the Private Rented Sector in NI, publishing for consultation initially a discussion paper (Review of the Role and Regulation of the Private Rented Sector) in November 2015 which was followed by substantive proposals (Private Rented Sector in Northern Ireland - Proposals for Change) in January 2017.

Recognising the increased government reliance on the private rented sector, the final proposals which included changes to tenancy management, the eviction process, dispute resolution and proposals to address supply, noted that the DfC view the sector as '*instrumental in meeting housing need in Northern Ireland*'.¹¹ The DfC's stated vision for the sector is '*one which is professional, well managed, affordable, sustainable and which provides a viable housing option with security for both tenants and landlords*'.¹²

The final proposals considered affordability and noted research carried out by the Chartered Institute of Housing which identified that 80% of LHA rates in Northern Ireland no longer pay for the bottom 30% of the market.¹³ The proposals went on to suggest, however that the number of tenancies which ended as a result of rent arrears was the same whether the tenant was in receipt of LHA or not. No policy proposals were put forward to address the affordability issue presented by the gap between LHA rates and rent levels. DfC's approach in the proposals was to introduce legislation which would limit rent increases to once in each twelve-month period.¹⁴

3.6. Debt & Financial Capability

In addition to functions relating to social security benefits and housing, the Department for Communities also has an important function in relation to the development of a Debt and Financial Capability Strategy for Northern Ireland. In 2018, the Money Advice Service (MAS) published its Strategic Approach to Debt Advice Commissioning 2018-23 which outlines MAS' role as a UK wide institution in the commissioning of debt advice services and the future plans for this function to transfer to the devolved governments. As this role is devolved, the policy approach of the Department for Communities will become increasingly important in the context of debt and financial capability.

The pattern observed above of low-income private tenant experiences receiving comparatively little policy attention was initially reflected in MAS' consultation on their strategic approach which identified families living in social housing amongst the target groups for debt and financial capability advice and support. Following public consultation,

¹¹ DfC (2017) *Private Rented Sector Proposals for Change*. Dept. for Communities. Available at: <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/private-rented-sector-proposals-for-change-consultation.pdf> p.4

¹² Ibid.

¹³ CIH (2016) *Mind the Gap: the growing shortfall between private rents and help with housing costs* Chartered Institute of Housing

¹⁴ DfC (2017) *Private Rented Sector Proposals for Change*. Dept. for Communities. Available at: <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/private-rented-sector-proposals-for-change-consultation.pdf> p.28

however, MAS amended their strategy to reflect the experience of private renters – priority groups now include those families living in rented (i.e. both social and private) housing and people at risk of homelessness.

In 2019, following the establishment of its Illegal Money Lending Team, the Consumer Council established a Responsible Lending Forum to develop a long term and sustainable strategy to signpost people to existing forms of affordable credit and free debt advice. The project aimed to identify gaps in the provision of affordable credit in Northern Ireland and to advocate for and develop new forms of affordable credit for those who require them.

4. Key research findings

The research explores data supplied by the Northern Ireland Housing Executive (NIHE) on private sector rents in Northern Ireland (NI) from 2008-2018 as well as data from Housing Rights housing helpline from 2010 onwards.

The analysis of NIHE data involves an assessment of the LHA rate for each property type¹⁵ in each of the 8 Broad Rental Market Areas into which Northern Ireland is split. These rates, 40 in total, are set by the NIHE in April each year, based on information gathered on advertised rents throughout the preceding year.

The research evidences that although on average, private rents in Northern Ireland have increased roughly in line with inflation, these are experienced as increasingly difficult for PRS tenants in receipt of housing benefit, given the context of the introduction of Local Housing Allowance (LHA) and the subsequent decline in the level of this allowance, particularly since 2011.



BRMA areas

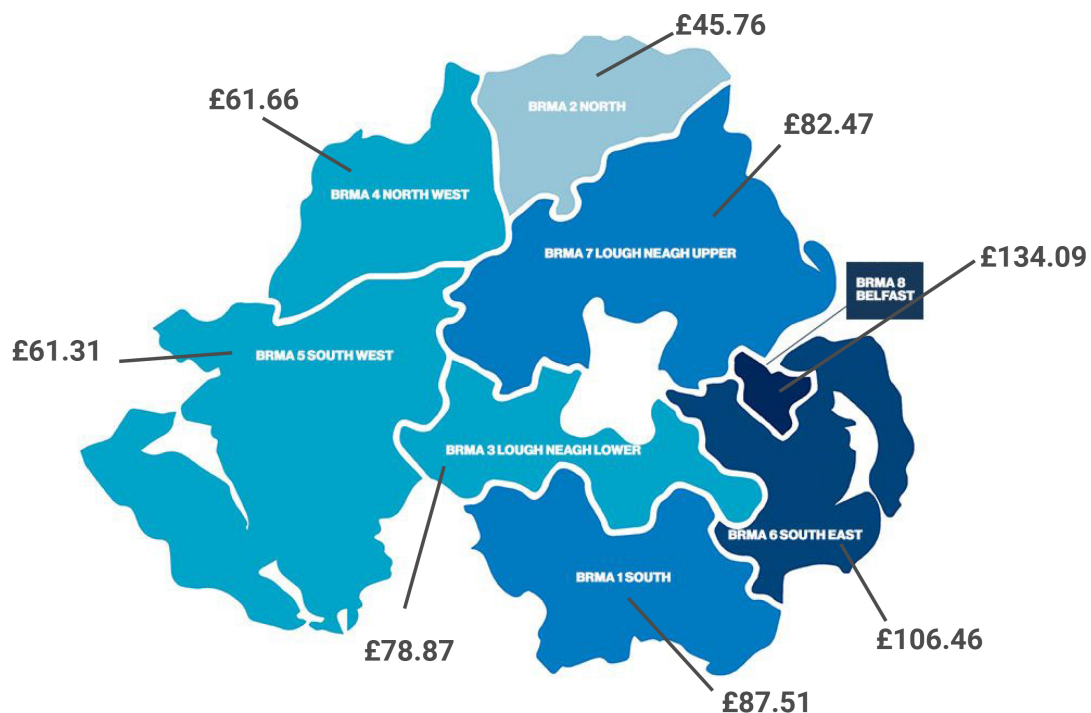
¹⁵ There are five property types within all of the BRMA areas for which LHA rate is set: shared accommodation; one bedroom; two bedroom; three bedroom and four bedroom.

4.1. Analysis of LHA rates and advertised rents

The overarching research finding is that 100% of LHA rates in NI have now fallen below the 30th percentile and over a quarter of the LHA rates are now below the 10th percentile.

Specifically, the research data evidences the following:

- None of the BRMA areas had more than 27% of advertised properties available at or below the LHA rate in 2018.
- The average proportion of all advertised properties in all BRMA areas available at or below the LHA rate is 12%.
- 13 of the 40 BRMA / property type combinations⁵ had fewer than 10% of advertised properties available at or below the LHA rate.
- Only five combinations had more than 20% of properties available at or below the LHA rate.
- 100% of LHA rates in NI fell below the 30th percentile in 2018 and over a quarter of LHA rates are now below the 10th percentile.
- The potential average shortfall between LHA rate and advertised rents for all property types in each BRMA area range from £45 per month to £134 per month.



Shortfall between average monthly rents and LHA for all BRMA areas in 2018

4.2. Analysis of the lived experience

The research also examined enquiries to Housing Rights' advice services to identify the impact of the shortfall between LHA and private rents on affected tenants. The analysis identified that **there was an increase in enquiries about shortfalls in rent from fewer than 20 in 2010 to a peak of 865 in 2015.**

Amongst those PRS clients who contacted Housing Rights regarding a shortfall between their housing benefit and the rent they had to pay, the analysis also showed several common themes which are set out below.

Major themes emerging from the data:



Work-related issues: PRS tenants who contacted Housing Rights for advice relating to a shortfall between rent and housing benefit were affected by work-related issues, such as reduced hours and zero hour contracts.



Market forces: The impact of the PRS rental market was also a significant factor, with clients reporting rising rents in the PRS sector which were increasingly out of sync with the support which they were able to receive from housing benefit.



Arrears and debt: Clients reported accumulating arrears and using credit to pay their rent as well as prioritising rent over other expenditure, to the point of risking their health by reduced expenditure on food and heat.



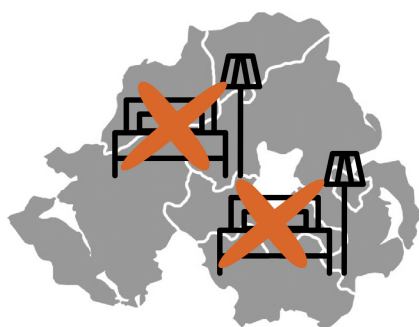
Accessing alternative accommodation: Clients consistently found it difficult to access alternative cheaper accommodation close to support from family and within reasonable distance to work, schools and other services which they were accessing.



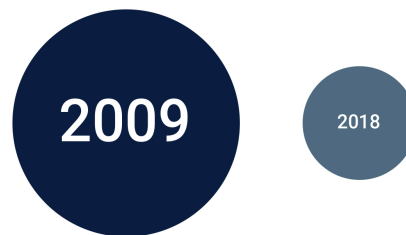
Age-related issues: Younger clients faced particular issues with the lack of affordable 'shared accommodation' and older clients faced the prospect of having to move out of their family home as a result of reduced eligibility to LHA as family size reduced.

- In addition, relationship breakdown and health issues often drew clients into having to apply for benefits (including housing benefit) for the first time, with many reporting a shortfall between what had previously been affordable rental costs and the support which they were able to access.
- Discretionary Housing Payments (DHPs) were a major sub-theme within all of the themes which emerged from the data. Although some of the clients were already in receipt of a DHP, a quarter of the 42 cases explored recorded a low DHP compared to the shortfall which they were experiencing. For those cases which recorded the amounts for housing benefit and DHP as well as the rent due, **the ratio of DHP to shortfall averaged 22% (ranging from covering between 10% and 40% of the shortfall). This left these clients facing a shortfall payment of between £60 and £250 per month (with the average being £160 per month).**

Key findings from the research



A lack of 1 & 2 bed properties across NI at or below the LHA rate



75% reduction in the amount of properties at or below the LHA rate between 2009 and 2018

5. Implications for local policy

Policy development in Northern Ireland, and elsewhere, is intended to be evidence based and solution focused. The findings of this research therefore offer an important contribution to enhance policy development and Housing Rights encourages those with responsibility for the following policy areas, specifically, to carefully consider the recommendations identified below.

In general terms, however, whilst this research is particularly illustrative in that it quantifies the *extent* to which low income households living in the private rented sector in Northern Ireland are impacted by the growing gap between LHA rates and private rents, it is not the first piece of evidence which points of affordability concerns for this group.

Rather this research adds to the growing body of evidence which highlights the concerns of low-income private renters in Northern Ireland; a sector where an increasing number of households now find their home¹⁶. Research by NERI in 2018, identified that there are significantly more households at risk-of-poverty after housing costs in this sector than in the social rented sector.¹⁷ Also in 2018, the Joseph Rowntree Foundation estimated that over two thirds (38%) of those living in the PRS in NI are in poverty.¹⁸ An Equality Commission report in 2016 included reference to over half of PRS tenants relying on housing benefit support to meet their rent¹⁹ and according to recent research by NIHE earlier this year, 89% of these tenants experience a shortfall in their housing benefit²⁰.

However, the extent of the gap in affordability for low income private renters which this research identifies, suggests it may be prudent and even urgent for policy makers to consider a more coherent approach to addressing these concerns which may require enhanced interaction between a number of different policies. The most obvious of which relate to housing and social security areas.

Notwithstanding this suggestion, this paper highlights the implications for specific policy areas in the sections below.

5.1. Programme for Government

Despite the significance of the affordability issues facing low income private renters in receipt of LHA, the Delivery Plans developed in relation to the indicators on housing stress and poverty, largely omit any reference to the sector or to the significant benefit changes

¹⁶ The proportion of households living in the private rented sector (PRS) in Northern Ireland more than doubled between 1983 and 2016.

¹⁷ 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 https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf (accessed August 2019)

¹⁸ Defined as households with income after housing costs (and adjusted for household size and type) which are below 60% of the median income.

¹⁹ Equality Commission (2016) *Equality Commission response to the Department of Social Development's review into the role and regulation of the private rented sector*. Equality Commission for Northern Ireland. Available at:

http://www.equalityni.org/ECNI/media/ECNI/Consultation%20Responses/2016/DSD-Private_Rented_Sector.pdf

²⁰ NIHE (2019) *Northern Ireland Broad Rental Market Areas (BRMAs) Scoping Study and Impact Assessment*. Economic Research and Evaluation for NIHE

which have impacted those on low incomes who live there. This is despite the purpose of Delivery Plans being to set out the intended approach to making progress on the achievement of outcomes, including collaboration across sectors.

5.1.1. The Programme for Government Delivery Plans

The Delivery Plan²¹ for Indicators 8 (Number of households in housing stress) and 48 (Gap between the number of houses we need), of the draft PfG includes sections on the Department for Communities' proposals to 'turn the curve' or improve the baseline set by the indicators by both improving access to affordable housing and by meeting the needs of the most vulnerable.

Amongst the specific actions listed are;

- Develop products which support under-represented groups (e.g. older people and those with disabilities) into home ownership or other affordable housing options; and
- Develop new affordable housing solutions which would meet the needs of single people under 35 on benefits.

The Delivery Plan identifies that developing affordable housing solutions for single people under 35 on benefits is necessary due to "*changes to the benefits system which will take effect from 2018 will narrow the affordable housing options available for single people on benefits who are aged under 35.*"

The actions listed in these sections therefore identify that government policy has a role in ensuring access to housing which is affordable and that this is particularly the case for groups whose situation is worsened by the impact of benefit changes. It is therefore disappointing that the Delivery Plan focusses so heavily on the social and owner occupied housing markets with very little reference to the private rented sector²² and no explicit mention of the affordability concerns of low income private renters on benefits impacted by the reductions to Local Housing Allowance ongoing since 2011.

The Delivery Plan for Indicator 19 (% population living in absolute and relative poverty (before housing costs) makes no reference to the differences in experience of poverty by households living in different housing tenures in Northern Ireland. The proposals listed by the Department for Communities to 'turn the curve' also mainly relate to literacy, education, social and digital inclusion and mental health. The impact of housing on poverty and the potential of good quality, affordable housing to alleviate poverty are not considered in the Delivery Plan, perhaps owing to the selection of an indicator which measures poverty *before*, rather than *after* housing costs.

Housing Rights recommends that the Delivery Plans for indicators 8 and 19 be revised to include actions which concretely address the impact of the growing gap between LHA and private rents on low income private renters.

²¹ Northern Ireland Executive, *Programme for Government Delivery Plan for Indicators 8 and 48*, available at <https://www.northernireland.gov.uk/sites/default/files/publications/newnigov/dp-number-of-households-in-housing-stress.PDF>

²² The action listed relevant to the private rented sector relates to the Department's intention to carry out a review of the role of sector to make it a 'more attractive housing option'.

5.1.2. A housing outcome

It can therefore be observed from the Delivery Plans of the current indicators which relate to housing and poverty that there is actually very limited interaction between housing and poverty concerns, especially in the context of the private rented sector where there is perhaps the greatest intersection.

It may be the case that the NI Executives efforts towards tackling disadvantage and promoting wellbeing would be better served if the draft PfG articulated the role played by housing in this pursuit in a more strategic way. During the consultations on the current draft Programme for Government, Housing Rights, NIFHA, CIH and Council for the Homeless jointly suggested that this could be best achieved by designating '**we have good quality, affordable homes for everyone**' and as an outcome.

Establishing a specific strategic outcome which relates to housing would have many benefits, however in the context of the current discussion, it may assist in connecting the activities of a number of government functions, particularly those which relate to poverty, more closely to those which relate to housing as it would allow organisation of relevant indicators under this outcome.

Housing Rights recommends that the draft PfG is reviewed to assess how the inclusion of housing as a standalone outcome could better promote the wellbeing of and tackle disadvantage amongst, low income private tenants impacted by the growing gap between LHA and private rents.

5.1.3. Stakeholder engagement

Housing Rights recognises that a functioning NI Executive is required to finalise the draft Programme for Government and that the absence of such may also make it difficult to significantly amend the Delivery Plans for indicators 8 and 19.

As an interim measure, Housing Rights recommends that the Department for Communities which has responsibility for both housing and poverty, take steps to improve the position of low-income private renters by engaging stakeholders.

This could usefully be achieved under the auspices of the Programme for Government by assembling a small cross functional group of key stakeholders, chaired by the SROs with responsibility for the housing stress and poverty indicators to assess how the Delivery Plans and associated actions can be reviewed in order to take fuller account of the issues identified in the research and the required action. Membership of the group could usefully include providers of housing and housing debt advice, private landlords, low income private tenants themselves, planners etc.

5.2. Affordable Housing

The Department for Communities' current work to amend the definition of affordable housing to ensure it is consistent in policy, legislation and practice offers ideal opportunity to assess the evidence base which exists in relation to the nature of affordability concerns in Northern Ireland.

This research identifies the serious and deepening affordability issues faced by low income private renters in Northern Ireland as a result of the gap between LHA and rents. It is therefore a useful basis for the Department to consider when determining the housing affordability problems faced by people in Northern Ireland.

Housing Rights recommends that further policy development in this area includes a comprehensive assessment of the housing affordability concerns of people in all housing tenures in Northern Ireland, including those private renters impacted by changes to Local Housing Allowance. Both the definition of and the proposals to provide affordable housing should clearly and directly link to this evidence base.

The current work is timely since it also allows policy development in Northern Ireland to benefit from developments elsewhere. In England, the Affordable Housing Commission's work is already underscoring the critical importance of ensuring household income, and not just market rents are included in the shared understanding of what affordable housing is.

Housing Rights considers that the proposed definition could be strengthened if it included assessment of housing costs and household income. In our view, the work currently being done by the Affordable Housing Commission (discussed later in this response) to define affordability and affordable housing is best practice which the Department should adopt.

5.3. Local Housing Allowance & Welfare Reform

5.3.1. Restoring Local Housing Allowance

Over successive years, the JRF and other charities working in the social sector concerned about poverty have expressed growing anxiety about Welfare Reforms and called for the end of the Benefit Freeze.

Identifying the growing gap between what Local Housing Allowance has, at a policy level, been intended to cover in relation to market rents and what it actually covers in practice, many, including JRF have called for LHA to be re-set so it covers the bottom third of the market as intended²³.

Housing Rights views the evidence presented in this research as further underlining the need for (at minimum) LHA to be re-set to ensure it is in line with the stated policy intention that it covers the bottom third of the market.

5.3.2. Continuing the welfare mitigations

In addition to the overarching recommendation which relates to LHA rates, Housing Rights views this research as significant in the current discussions about welfare mitigation in Northern Ireland.

The mitigation package, due to expire in March 2020, has provided crucial protection to vulnerable groups across NI from some of the harshest aspects of welfare reform. According to the Northern Ireland Audit Office (NIAO), people in NI have been 'insulated' against

²³ JRF, (2017) *Mind the (Housing Benefit) gap – its growing*, Joseph Rowntree Foundation blog <https://www.jrf.org.uk/blog/mind-housing-benefit-gap-its-growing>

welfare reform by the mitigation schemes.²⁴ Although the current mitigation package does not make specific provision for the gap between Local Housing Allowance and private rented sector rents, a range of support measures including mitigation for the Benefit Cap, access to a discretionary fund etc are all likely to impact on private renters should their provision cease.

Furthermore, should the most high profile provision, support for social rented tenants impacted by the Social Sector Size Criteria cease, it is expected that affected social tenants (estimated to be around 34,000) would lose on average £50 per month.²⁵ Given the low level of preparedness²⁶ to meet this 'cliffedge' amongst those likely to be impacted and the inability of existing social stock to provide a suitable alternative accommodation²⁷, it is likely that the loss of mitigation could result in an increase of low income households presenting as homeless and/or being forced to rent privately.

Housing Rights therefore recommends that the current welfare mitigation measures are continued beyond March 2020.

5.3.3. *Strengthening the welfare mitigations to assist low income private renters*

The current mitigations do not specifically address the concerns of low income private renters. The exclusion of private renters from the mitigation arrangements suggests that it was anticipated that mitigation was not necessary as those tenants in receipt of LHA would continue to be able to access support with their rent through Discretionary Housing Payments (DHPs).²⁸

DHPs vs Welfare Supplementary Payments

Held side by side, however, there are clear disadvantages to the tenant who rents privately and requires support with their rent because of changes to their benefit income, when compared to the social tenant in the same scenario. Such disadvantages are captured in the table below.

²⁴ Northern Ireland Audit Office, 'Media Release – Welfare Reforms in Northern Ireland' (Jan 2019) p1
<https://www.niauditoffice.gov.uk/sites/niao/files/mediafiles/Final%20Media%20Release%20WR%2017%20January.pdf>

²⁵ Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p36
<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigationschemes-2019.pdf>

²⁶ A DfC claimant survey found that 69% of respondents were unaware that the WSPs made to mitigate the impact of the SSSC would end in March 2020. Furthermore, 87% of respondents had no plans in place to deal with the additional costs when this payment ends.

²⁷ In NI there is a significant mismatch between the type of social housing stock available and the type required to meet demand. For example, while just 18% of social stock has one-bedroom, single applicants consistently account for 45% of the waiting list.

²⁸ Housing Rights experience supporting low income private renters to apply for DHPs and recommendations for their future use is discussed more fully in a policy briefing on this issue.
<https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>

Table 2: Differences between DHPs and Welfare Supplementary Payments

	Private tenant impacted by shortfall between LHA and rent	Social tenant impacted by shortfall between housing benefit and rent (as a consequence of Social Sector Size criteria)
Eligibility for support	Regulation 2 of the <i>Discretionary Financial Assistance Regulations 2001 (as amended)</i> states that a tenant is eligible if they have an entitlement to housing benefit and require support to meet their housing costs as a result of the restriction of their housing benefit.	Regulation 2 of the <i>Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017</i> states that a tenant is eligible if affected by social sector size criteria in calculation of housing benefit.
Access to support	Application required, which is processed by NIHE and awards are made on a discretionary basis.	No application required. Payment is automatic. Many social sector tenants are actually unaware they are in receipt of payment.
Level of support	Regulation 4 of the <i>Discretionary Financial Assistance Regulations 2001 (as amended)</i> states that the maximum award should be the difference between contractual rent and rent level used to calculate HB / housing cost element of UC. However, the <i>NIHE DHP Guidance (2017)</i> restricts the amount of award dependent on circumstances i.e. max of £40 per week for private tenants impacted by rent restriction.	Regulation 3 of the <i>Housing Benefit (Welfare Supplementary Payment) Regulations (Northern Ireland) 2017</i> states that the award amount should be difference between the housing benefit to which the person would be entitled but for the reduction under the Social Sector Size Criteria and the housing benefit (if any) to which the person is entitled after that reduction.
Duration of support	Regulation 5 of the <i>Discretionary Financial Assistance Regulations 2001 (as amended)</i> gives NIHE authority to award for a period it considers appropriate. However, the <i>NIHE DHP Guidance (2017)</i> restricts the duration of the award to 2 years (must be reviewed at the end of each financial year) The guidance further states that all awards exceeding £12 per week must be reviewed within 6 months. Private tenants must re-apply at the end of the period of their award for continued support.	Entitlement is automatic for all affected tenants during the period of the mitigations (currently until end of March 2020). Entitlement ceases only if tenant moves to another property where they are under-occupying by the same or greater extent and the move has not been made by Management Transfer.

Housing Rights specifically notes that the disadvantages faced by private tenants are a consequence of both legislation and operational guidance, with the legislation governing DHP awards providing greater flexibility than the operational guidance created by the NIHE.

It is further noted that whilst historically the budget for DHPs has been under significant pressure, there is currently a significant under spend. The Housing Executive was allocated a Discretionary Housing Payments budget of £7.226m for 2017/18. The budget was in line with allocations made to Local Authorities within Great Britain. The spend for 2017/18 on Discretionary Housing Payments amounted to £3.6m with payment made to 15,156 claimants. There is no provision for the Housing Executive to redirect any under spend.

Housing Rights is concerned that this disparity is both unfair and at odds with the overarching policy direction of homelessness prevention, since loss of rented accommodation (often due to affordability issues) continues to be one of the top reasons for homelessness presentations in Northern Ireland.

Housing Rights therefore recommends that the NIHE operational guidance is reviewed to ensure access to Discretionary Housing Payments for affected private tenants is maximised within the parameters permitted under the Discretionary Financial Assistance Regulations. 2001 (as amended).

The potentially uneven impact of Universal Credit

This disparity is compounded when one considers the potentially uneven impact of future social security changes, such as the rollout of Universal Credit, on impacted private rented sector tenants.

Whilst many social landlords have taken pro-active steps to assist their tenants by employing Financial Inclusion Officers and Welfare Rights Advisers, by widening access to affordable credit and by withstanding the initial arrears generated by the introduction of Universal Credit; the same level of landlord support has not been available to private tenants. This is likely attributable to the fact that according to the Department for Communities' Landlord Registration Scheme, 84% of private landlords in Northern Ireland own 1 or 2 properties. It would therefore be inappropriate for such landlords to for example, employ welfare advisers to support their tenants.

Additionally, there is therefore less available data about the level of arrears in this sector. However, between July 2018 and December 2018, calls to Housing Rights' Landlord Helpline regarding UC increased by 600% with delays in initial payments being one of the top issues raised.

Worryingly, recent experience in Great Britain indicates that many private landlords are unable or unwilling to rent to tenants who are in receipt of benefits. Findings from research for the Residential Landlords Association in 2017 showed that only 13% of landlords were willing to let properties to tenants on Universal Credit.²⁹

²⁹ Tom Simcock, 'Welfare Reform and Universal Credit: The impact on the private rented sector' (Residential Landlords Association, August 2017) <<https://research.rla.org.uk/wp-content/uploads/Welfare-Reform-and-Universal-Credit-The-impact-on-the-private-rented-sector-2017.pdf>>

Additionally, recent reports have indicated that lender practice may exacerbate this problem with the Residential Landlord Association in Great Britain indicating that many 'buy to let' lenders prohibit landlords from renting to benefit claimants³⁰.

Housing Rights recommends that the Department for Communities and the NIHE consider what additional practical support could be provided to private tenants. This could be in the form of access to affordable credit, access to white goods etc. Research should be undertaken to understand what type of practical support would be beneficial and what best practice models exist elsewhere. This research should inform future service delivery in this area as part of any revised mitigation package.

5.4. Homelessness

Following the report of the Northern Ireland Audit Office, the NIHE has recently undertaken to better understand the causes of homelessness in Northern Ireland. The NIAO report specifically recommended that the NIHE analyse the data in relation to homeless presentations in the accommodation not reasonable category.

Housing Rights views this research as further evidence that there is a need to improve our understanding about the role of affordability in causing homelessness. Recent comparative research carried out by S Fitzpatrick et al., into homeless prevention work across the UK highlights that *"the primary driver of homelessness is the inadequate protection afforded to low income households via the social security system, much diminished since 2010."*³¹

Housing Rights therefore recommends that the NIHE undertake analysis of the data available on homelessness presentations to better understand the affordability concerns of private renters and the impact that this has on homeless presentations.

Aside from the potential for the gap in affordability evidenced in this research, to *contribute* to homelessness; the research also highlights the unsuitability of the sector as a housing option to *address* homelessness.

Housing Rights view the findings of this research as further underlining the inappropriateness of the sector as a housing option for people who are homeless. Only once appropriate support and regulation is in place in the sector (in relation to affordability and to other issues) can the option of discharging the statutory duty towards people who are homeless, be realistically considered.

Housing Rights recommends that the Department for Communities remove from consideration, the proposal to discharge the duty on a tenure natural basis (i.e. to discharge the duty in the private rented sector).

³⁰ Miles Brignall, 'Most buy to let lenders refuse loans when tenants are on benefits' *The Guardian* (London, 21st October 2018) <<https://www.theguardian.com/money/2018/oct/21/buy-to-let-90-percent-of-lenders-refuse-loans-to-benefit-claimants>

³¹ CaCHE, Prof Suzanne Fitzpatrick et al (2019) *Homelessness Prevention in the UK; Policy briefing*, p.6 <https://housingevidence.ac.uk/wp-content/uploads/2019/07/Homelessness-Prevention-in-the-UK-Policy-Brief-July-2019-final.pdf>

5.5. *The Private Rented Sector*

The research findings highlight clear and persistent issues for low income private renters who are impacted by the growing gap between Local Housing Allowance and rents.

Department policy in this area should recognise this research as further evidence of the affordability issues facing low income private renters. Policy development should recognise the interrelation of affordability issues with the weaknesses of wider infrastructure in the sector, particularly that which relates to quality standards, dispute resolution.

Housing Rights acknowledge that many of the proposals put forward in the Review of the Private Rented Sector may need to be revised in light of recent developments and consider the issue of affordability to be especially important.

Housing Rights recommends that the Review of the Private Rented Sector proposals are reviewed in light of the findings of this research and that consideration is given to strengthening the proposals in relation to affordability.

In order to facilitate this, **Housing Rights recommends that a housing led taskforce is established which includes relevant senior personnel from the social security function of the Department for Communities to assess what steps can be taken to enhance the role and regulation of the sector from an affordability perspective.**

5.6. *Debt & Financial Capability*

The findings of this research underline the link between housing circumstance and debt and poverty with private renters exposed to significant and growing gaps between social security entitlement (in the form of Local Housing Allowance) and housing costs (in the form of market rents).

Considered in the context of access to support to address this exposure, it is concerning that private renters do not have access to an infrastructure of support as social tenants, also impacted by social security changes. The role played by social landlords in breaking the link between housing circumstance and poverty is well illustrated by research which identifies that whilst 1 in 10 households in NI spend more than 40% of their income on housing costs, 1 in 6 households in the private rented sector spend this proportion of their income on housing costs.³² The incidence of debt and poverty for low income households is therefore influenced by where people live and what assistance they receive.

Housing Rights therefore recommends that the Department for Communities should more fully consider how initiatives to reduce debt and increase financial capability can be targeted at private rented tenants in receipt of Local Housing Allowance. The Department for Communities should particularly consider this recommendation in the context of a new Debt and Financial Capability Strategy for Northern Ireland.

Housing Rights also recommends that initiatives which develop to improve access to affordable credit, should be mindful of the difficulties faced by private rented tenants and seek to specifically include them in any schemes

³² NERI (2018) Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty https://www.neriinstitute.net/download/pdf/neri_working_paper_housing_final.pdf

Housing Rights

when everyone has a **home**

A STITCH IN TIME

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