

# Preventing Homelessness and Sustaining Tenancies in the Private Rented Sector: Scoping Project

A scoping project to inform innovation in future service delivery around accessing and sustaining tenancies in the private rented sector by understanding the practical support needs of low income private tenants

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## **Acknowledgements**

Sincere thanks go to all those who participated in the research, in particular the clients of Housing Rights whose experiences were vital in illustrating the barriers to accessing and sustaining tenancies in the private rented sector in NI. Thanks also go to the Housing Rights advisers and NIHE staff who participated in focus groups and workshops to inform this research.

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In addition, the support and guidance of the Research Advisory Group and also Richard Tanswell (NIHE Homelessness Strategy Manager) who helped to co-ordinate the practitioner workshops is greatly appreciated.

## **About Housing Rights**

Housing Rights has been helping people in housing need for over fifty years. As the leading provider of independent specialist housing advice in Northern Ireland, we helped over 11,500 people last year, with almost 43,000 housing issues.

At Housing Rights we provide advice, assistance and advocacy. In addition, we support front line practitioners by providing an information and training service. We undertake research to inform and support our policy work which is based on the experience of our clients and aims to support the identification of evidence based, user informed solutions.

## **Preface**

This research was carried out before the Covid-19 pandemic hit Northern Ireland and completed at the end of March 2020, just as the first lockdown measures came into place. It therefore reflects the position for private renters in the lead up to the pandemic. Whilst there have been some changes in Northern Ireland for private renters since March 2020, the issues relating to accessing and sustaining tenancies, particularly for low income households, remain largely unchanged. If anything, the issues now affect a much broader group of people than at the time the research was undertaken. Forthcoming research from Housing Rights will focus specifically on the impact of the Covid-19 pandemic on private tenants in Northern Ireland.

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## Executive Summary

### Introduction

Housing Rights secured funding from the Northern Ireland Housing Executive (NIHE) to undertake a scoping project to inform innovation in future service delivery around accessing and sustaining tenancies in the private rented sector (PRS) by understanding the practical support needs of low income private tenants. This research was carried out to address that requirement.

The research specifically seeks to understand the level and type of practical support which low income private rented sector tenants at risk of homelessness, require to sustain their tenancy.

### Context

Despite accounting for around one in five households in Northern Ireland, enquiries from private tenants consistently account for around one-third of the enquiries our advisers deal with each year, with affordability (of access as well as of on-going rent) is a major issue for our PRS clients. Perhaps in contrast with commonly held views about benefit recipients, around half of all private tenants in NI were in receipt of Housing Benefit in 2016, which is paid at the Local Housing Allowance (LHA) rate. Of those PRS tenants who were in receipt of Housing Benefit, an estimated 81% faced a shortfall between the amount of rent they pay and the Housing Benefit which they received (NIHE 2016) and one in three found these payments difficult (NIHE, 2016).

LHA rates having been reduced by successive changes brought in over the past ten years, but such is the impact of the Covid-19 pandemic in the UK, that the Government has recently announced that LHA rates will be restored to the 30<sup>th</sup> percentile as a temporary measure. This is obviously to be welcomed and will help households with affordability issues. However, there are still issues with sufficiency of supply of affordable PRS properties (properties available at LHA rate), which this measure will not alleviate.

In addition, whilst the difference between LHA rates and the 30<sup>th</sup> percentile in 2018 ranged from less than £1 per week to £18 per week for all property types, with the average difference being £5.89 per week (McAuley 2019), we know from recent research by NIHE (2019) that the average shortfall for households in receipt of Housing Benefit in the PRS was £28 per week, suggesting that many households had no choice but to rent properties which were more expensive than the LHA rate would cover.

It should also be noted that many Housing Rights clients, including those who participated in this research, have reported the poor condition of properties which they viewed (or which they have rented) which were offered at or below the LHA rate. Their concerns include significant issues with poor energy efficiency (heating

and insulation issues), which in turn has implications for their other household expenditure.

In contrast to the infrastructure of support available to social tenants (through the provision of welfare advisers, financial inclusion officers and affordable credit schemes etc.), support for private tenants is largely restricted to access to Discretionary Housing Payments, which are time limited and often do not cover the full amount of any shortfall.

There is therefore a pressing need to improve service delivery in the area of tenancy sustainment for low income PRS households. This scoping project therefore aims to provide a better understanding of the needs of this group, to harness the expertise of frontline practitioners working in this area and to assess best practice initiatives which work elsewhere.

## **Methodology**

The research made use of a thematic analysis of three strands of qualitative research as well as desk-based review of literature and existing support. In all, 16 housing advice specialists took part in a series of 4 focus groups and one interview. A further 14 interviews were carried out with Housing Rights clients (12 telephone interviews and two face to face interviews). The names of all interviewees have been changed to protect their identities. In addition, three interviews were carried out with service providers in NI (Extern Homes, Smartmove and Vineyard Compassion). Two practitioner sessions were then convened for NIHE staff from all over NI. The findings from all of these strands of the research were brought together to address the needs of the project which are:

- To better understand the level and type of practical support required by low income private rented tenants to sustain their tenancy
- To better understand the views of frontline practitioners working with low income tenants to sustain their tenancy
- To identify relevant best practice models which exist elsewhere which meet the needs of the target groups
- To identify an evidence base for service development in the area of tenancy sustainment to support the delivery of the Customer Support and Tenancy Sustainment Strategy 2019-24
- To recommend innovative service delivery models which will sustain tenancies and prevent repeat homelessness.

## **Research Findings – Key Points**

### ***Barriers to accessing accommodation***

In general the feeling among clients and advisers was that, in contrast to social tenancy commencement processes in which the emphasis is on making sure the tenant has everything needed for the tenancy to succeed, PRS tenancies for low income households started off with the assumption that default was likely and the pre-tenancy requirements in place were indicative of this assumption.

**Deposits and rent in advance** - in some cases this resulted in clients losing access to a PRS property simply because they were not able to access a means to pay the deposit or rent in advance, even when the landlord was willing to let to them. This issue was exacerbated for foreign nationals who are often required to pay several months' rent in advance and/or required to pay a higher deposit in lieu of providing a guarantor.

**Guarantors and references** – particularly an issue for young clients and for clients leaving prison and also for those clients who would not know someone who was a homeowner or significant earner who could act as guarantor.

**Upfront fees and other access charges** – access fees were a major hurdle for most, with some exorbitant fees still being requested, even for services which fall under the criteria which have been deemed to be illegal letting fees as a result of the December 2017 judgement. However, participants reported that they have by and large felt that they had to pay these fees or risk losing the accommodation.

**Availability of affordable accommodation** – participants reported finding it very difficult to access accommodation which would be covered by the LHA rate and also reported that when they were able to access affordable accommodation, it was largely in poorer condition, such that there would be higher heating bills due to inefficient heating installations and/or poor insulation. However, there were also issues with participants being turned down for accommodation due to being in receipt of benefits.

**Particular issues with UC claims** – participants highlighted particular issues with UC requirements for information on their tenancy, including difficulties with getting their landlord (or prospective landlord) to provide the required information to UC.

**High demand areas** – participants reported the need to act very quickly to secure a tenancy in high demand areas. Many found this difficult when also having to secure a means to pay their deposit (perhaps via charitable support or discretionary support).

### ***Barriers to sustaining tenancies***

**Impact of prioritising rent payments** – participants reported prioritising rents over other expenditure as a means to avoid the threat of eviction, however, this had major knock on effects, particularly with regard to resources left for other essentials and often led to increased borrowing.

**Fuel efficiency issues** – participants reported generally poor conditions with regard to fuel efficiency which impacted on their household resources. More money used to pay for heating poorly insulated houses or those having to rely on meters for heat/gas/electricity meant that there were fewer resources to spend on other essentials and impacted on their ability to pay their rent and therefore risking eviction.



**Arrears and disputes** – participants pointed to the lack of an established dispute resolution process for arrears and lack of clarity in rent statements which were often confusing. They were also reluctant to engage with formal mechanisms for resolving issues such as contacting the Environmental Health Officer regarding conditions, due to the fear of retaliatory evictions.

**Insecure employment** – participants who were on minimum wage or in precarious employment highlighted the particular challenges they faced either finding affordable accommodation on minimum wage, or paying rent on an irregular income.

**Impact of welfare reform** – moving on to UC whilst in a tenancy was highlighted as a particular issue for participants. The 5-week waiting period for UC was a particular issue, as was discovering that a landlord was unable to let to benefit recipients as a result of mortgage or insurance restrictions. Overall, the experience was that it was not ideal for landlords or managing agents to have to engage with the benefits system. This is likely to be an increasing issue for more landlords / agents as the full effects of the Covid-19 pandemic are felt in the coming months.

**Impact of relationship breakdown** – three of the participants had experienced relationship breakdown whilst in their tenancies and had been charged between £50 - £200 for changing their tenancy agreements to reflect their new situation (in one case this was as a result of domestic violence).

### ***Current support for accessing and sustaining tenancies in the PRS for low income households in GB and NI***

**PRS Access schemes in GB** – there are a number of PRS access schemes in operation throughout GB, but currently none in NI. These schemes vary in terms of the support they provide, ranging from Crisis Skylight Centres which provide a Housing Coach Service alongside pre-tenancy training and vetting of properties which are advertised to participants.

Several access schemes centred around rent deposit guarantees (or deposit bond schemes), such as those operated by many of the local authorities in Scotland. There are also many local authorities in England and Wales providing such schemes. Research on the efficacy of such bond schemes has shown that average claim rate was between 15-20%, which would require in practice, having reserves of around 50% of the total value of the bonds issued to tenants.

**PRS Access Schemes NI** – whilst *Smartmove* is not a PRS access scheme in the terms such a service would normally be understood as a result of no longer providing deposit bonds, the scheme does provide low income households with a service aimed at identifying and managing properties which are aimed at providing affordable homes and supporting tenants to maintain their tenancies.

*Vineyard Compassion Rent Deposit Scheme* – this is a small scale project operating in the North West which has recently gained financial support to provide funding for

deposits and tenancy sustainment measures (including money management and employment information, advice and support).

**Social Lettings Agencies, GB** – these are not for profit lettings agents which support low-income or vulnerable tenants in the PRS. Whilst approaches to social lettings varied throughout schemes, they shared some basic features, e.g. requiring a minimum standard for the properties which they let and aiming to provide more stability for tenants wishing to stay in their accommodation, resulting in tenants feeling more settled and ‘at home’. Benefits for landlords taking part in the schemes included guaranteed rents, more active property management and satisfaction that properties are being let ethically.

*Homes for Good* - is an innovative social enterprise letting agency in Scotland (the first of its kind in the UK), which aims to expand throughout the UK. The enterprise is based in Glasgow and aims to support low income tenants into PRS accommodation. The organisation operates across all areas of the market, which includes higher value properties which are profitable, the income from which is used to sustain their lettings to lower income households. Homes for Good work with prospective tenants to ensure income maximisation and benefit checking prior to taking up a tenancy as well as ensuring that tenants are aware of their rights and responsibilities. They have dedicated tenancy support workers who establish a relationship with the tenants and provide continuous support throughout the tenancy. As well as providing a tenancy, the enterprise provides initial support for moving in. Perhaps what sets Homes For Good apart from other SLAs is their tenancy support approach which values kindness and positivity. They operate their social lettings in a flexible, person-centred way and stress that relationships and trust built up with their tenants are central to their work. In this way, the level of support varies depending on the needs of their tenants. They also partner with other support organisations in order to increase their impact on sustaining tenancies.

*Extern Homes* - Whilst Homes For Good may expand to include NI, at present the only organisation operating something like the Homes for Good Investment model is Extern Homes, which currently owns 10 properties in and around Belfast. The project offers tenancies of 2 years (with a rolling month to month tenancy after that if required) during which time the tenants are provided with a wide range of support. The aim of the project is for the tenant to be ready to rent a property of their own at the end of their two year tenancy.

### ***Support available for low income tenants in the social sector***

*Patch Managers* play a vital role in supporting tenants in the social sector, including sign-posting to other services and helping tenants with complex needs to access floating support as well as providing help with benefit claims.

*Starter packs* were identified as being of help to new tenants as well as helping tenants prior to taking up their tenancy, to become tenancy ready (particularly for those in hostels and other temporary accommodation).

*Full cost of housing covered* for those entitled to full support for the majority of benefit claimants – this is in contrast to tenants in the PRS who rely on support to pay the cost of their accommodation, which is limited to the LHA rates.

*Low access costs* – whilst social tenants do have to pay a deposit, this is low compared to PRS tenancies. In addition, tenants may be supported with debt advice and dedicated financial support including benefit checks as a result of being a social tenant.

*Standards and repairs* are regulated in the social sector, resulting in better access to repair services than those experienced by the participants in this research. Standards are generally higher in the social sector than they are in the private sector.

### ***International experience***

Whilst comparison of private rented sectors across countries is difficult due to the wide variation in housing systems and in housing regulation between and even within countries, one example of good practice emerged from the City of Toronto. The City provides several resources for low income PRS tenants under its 'Housing Stabilization Fund' which provides money for emergency housing needs and interest free loans for low income households facing eviction. Interest free loans are also provided for deposits and final rental payments, which are aimed at helping low income tenants to move from unsuitable or unaffordable accommodation into more suitable and affordable properties.

### ***Recommendations for what might work?***

It is perhaps important to stress at the outset that there is no definitive 'one size fits all' solution to providing housing for low income households in the PRS and that different household types may require very different levels and types of support. In addition, many of the issues facing low income tenants are systemic issues which would not easily be affected by the provision of specific services (e.g. issues such as the availability of affordable accommodation which is of good quality particularly in areas of high demand). However, it is clear that current support is insufficient and as such, what is included below are elements of what could be included in potential support services for low income households in terms of accessing and sustaining tenancies in the PRS.

**Help for deposits and rent in advance** including statutory provision of grants for deposits or deposit bonds which are either fully funded or paid back over a period of time. Similarly, the provision of interest-free loans for deposits and rent in advance were proposed, either provided by statutory funding or via partnerships with Credit Unions.

**Starter packs / tenancy information packs** were suggested, similar to those provided to new social tenants and could include small appliances, kitchen equipment and cleaning supplies. In addition, it was suggested that packs could include information on benefits and charitable organisations which could help with accessing furniture and other household essentials as well as information on debt advice and how to access to fair / low cost credit.

**Dedicated property search website and vetting for low cost PRS properties**

which would help low income households and those relying on benefits to find properties which were within budget and where landlords were willing to let to such households. Whilst property-search websites currently exist (such as PropertyPal and Property News), a major distinction with such a service would be in terms of 'vetting' of properties listed. Active vetting of properties (e.g. by a social lettings agency) was suggested as a way to help low income households to access affordable properties which were of a decent standard (e.g. with adequate heating / insulation which would make the property more affordable, which is particularly important given the prevalence of fuel poverty among low income households) and were properties belonging to landlords who were willing and able to let to low income tenants and those on benefits.

**Improving standards in PRS properties** was suggested as a way to avoid the poor conditions which many low income households experience in PRS properties. Suggestions regarding improving the standard of PRS properties included a mandatory 'MOT' type inspection for PRS properties on an annual or biannual basis. Landlords would be restricted in letting properties until they passed such a test. However, landlord licensing is perhaps a much better potential solution and has been shown to drive up property standards in areas of GB where this is in force. Landlord licensing is already in operation in NI for Houses in Multiple Occupation (HMOs). In addition to adhering to set standards which the property has to meet (including regarding fire safety and energy efficiency), the landlord must be deemed a 'fit and proper person' and this requirement would fulfil one of the suggestions by the majority of those who took part in focus groups and workshops, namely that there should be penalties or fines in place in order to deter 'rogue' landlords.

**Dedicated housing hub for low income tenants** which would include access to web-searching (to source suitable, pre-vetted accommodation) as well as advice on PRS tenancies. It was suggested that such a PRS access service should have an element of specific help for foreign nationals to access suitable and affordable accommodation.

**Increase support available for low income households / increase availability of affordable accommodation** – all of those who took part in the research wanted to see LHA rates increased. Whilst the recently announced proposed increase of LHA to cover the cheapest third of properties (which was brought in after the fieldwork was completed and in response to the Covid-19 pandemic) is a welcome development, it does not fully address the affordability problems facing low income households. Indeed, part of the difficulties for tenants looking for low cost housing relates to the issue of sufficiency, which would require a more systemic response, which could include incentives for landlords to let to low income households.

**Flexible rent accounts** were suggested as a means to mitigate the effects of irregular wages, precarious employment and also the natural fluctuations in financial pressure on households throughout the year.

**Regulation of PRS rental costs and security of tenure** were suggested as ways to ensure the supply of affordable housing for low income households as well as providing a means to ensure that rental costs reflected the condition of properties. Improvements to regulations which relate to security of tenure were also suggested as a way to protect tenants from the threat of having their tenancy ended by their landlord and provide security of tenure.

**Access to affordable credit** was highlighted as something which would help in *both* accessing and sustaining tenancies in the PRS. Access to sources of financial help would help tenants with the upfront costs of accessing PRS accommodation as well as allowing them to spread the cost of one-off payments (including replacing household items) which would in turn help tenants to sustain their tenancies by helping to avoid rent arrears.

**Standard tenancy agreements** were suggested as a way to provide clear information for tenants at the start of their tenancy, with tenancy agreements written in plain language which could easily be translated. Such tenancy agreements would be specific to legislation as it applies in NI.

**Training for landlords, estate agents and property managers** was suggested as a way to prevent issues relating to accessing and sustaining tenancies by ensuring that they are well-informed regarding the legislation that exists for the PRS in NI.

**Mediation Service** was suggested as an alternative mechanism for resolving disputes, an approach which recognises that tenants may not want to engage in formal litigation or may be reluctant to approach the Environmental Health Officer (it was noted that Housing Rights are now providing such a service, which is funded by DfC).

## Section 1: Introduction, Background and Context

### 1.1 Introduction

Housing Rights secured funding from the Northern Ireland Housing Executive (NIHE) to undertake a scoping project to inform innovation in future service delivery around accessing and sustaining tenancies in the private rented sector (PRS) by understanding the practical support needs of low income private tenants. This research was carried out to address that requirement.

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Over half of all PRS tenants were in receipt of Housing Benefit in 2016 (NIHE, 2016) and of these, 81% faced a shortfall between the amount of rent received and the Housing Benefit which they received, with one in three of these PRS tenants experiencing this shortfall as 'difficult'. Households experiencing difficulties paying their housing costs can fall into arrears, leading to an increased risk of eviction and subsequent homelessness, with 'loss of rented accommodation' consistently among the top three reasons for households presenting as homeless to NIHE.

In contrast to the infrastructure of support available to social tenants (through the provision of welfare advisers, financial inclusion officers and affordable credit schemes etc.), support for private tenants is largely restricted to access to Discretionary Housing Payments, which are time limited and often do not cover the full amount of any shortfall.

There is therefore a pressing need to improve service delivery in the area of tenancy sustainment for low income PRS households. This scoping project therefore aims to provide a better understanding of the needs of this group, to harness the expertise of frontline practitioners working in this area and to assess best practice initiatives which work elsewhere.

The research made use of a thematic analysis of three strands of qualitative research as well as desk-based review of literature and existing support. In all, **16 housing advice specialists** took part in a series of **4 focus groups** and one interview. A further **14 interviews** were carried out with Housing Rights clients (12 telephone interviews and two face to face interviews). **The names of all interviewees have been changed to protect their identities.** In addition, three interviews were carried out with service providers in NI (Extern Homes, Smartmove and Vineyard Compassion). Two practitioner sessions were then convened for NIHE

staff from all over NI. The findings from all of these strands of the research were brought together to address the needs of the project which are:

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- To identify an evidence base for service development in the area of tenancy sustainment to support the delivery of the Customer Support and Tenancy Sustainment Strategy 2019-24
- To recommend innovative service delivery models which will sustain tenancies and prevent repeat homelessness.

## ***1.2 Background and Context for the Research***

This research was commissioned during a period of policy development in a number of relevant areas; (re) development of support to PRS tenants under Private Rented Access Scheme, the planned review of welfare mitigations committed to under New Decade New Approach (in order to assess areas where mitigations could be strengthened with one such area cited by Cliffedge Coalition as support for renters impacted by successive cuts to LHA), the planned inclusion of a housing outcome in the forthcoming Programme for Government (and associated outcome /indicator action plan) etc. The implications of the Covid19 which were only starting to emerge as this research was finalised also identified need for additional support for certain groups etc.

There has been a major transformation in the tenure structure of the UK housing market, and NI is no different in this regard. The twin pillars of owner-occupation and social housing have both eroded for different reasons and the private rented sector has expanded rapidly to fill the gap. In 1983, 8% of households resided in the PRS but by 2016 this had risen to 18%<sup>1</sup>, which is equivalent to the proportion of households in the social sector.

The PRS has expanded in recent years, boosted since 2008 by the pressures on access to owner occupation as a result of mortgage restrictions in the wake of the financial crash on the one hand (Reeve et al, 2016) and the reduction in availability of social housing as a result of welfare policy changes throughout the UK on the other. Writing in 2010, Pattison et al point out that the PRS was increasing at that point at the rate that social housing was in the 1950s and 1960s and that owner occupation was in the 1980s and their prediction of private renting overtaking social renting by the mid-2010s has been proven to be correct.

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<sup>1</sup> Based on figures from the NI Continuous Household Survey and the NIHE House Conditions Survey

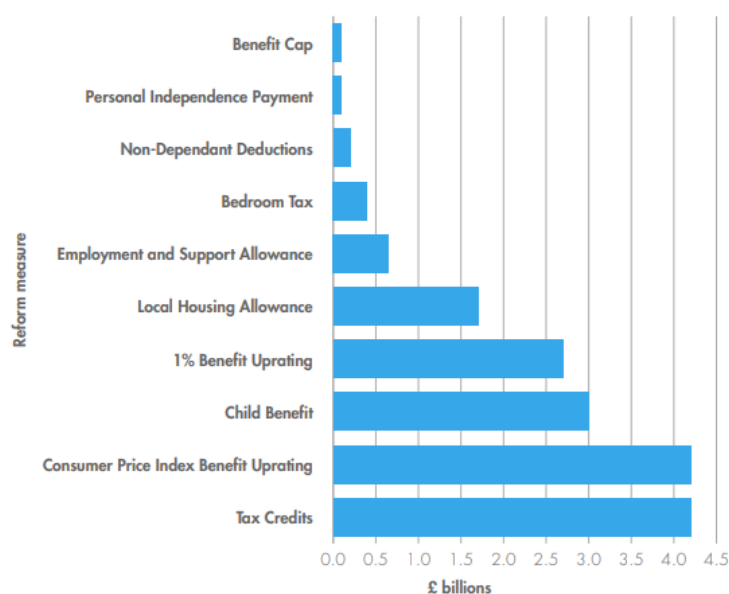
A report by the Scottish Government in 2018 outlined the importance of a qualitative approach to researching the impact of Welfare Reform, stating that ‘an approach looking purely at the statistics surrounding individual reforms and benefits will not account for the impact of behaviours that may be driven by reform’. The report goes on to say that ‘households do not necessarily observe strict demarcations between housing and non-housing related benefits, and reductions in other benefits...may lead to households failing to pay rent...some households will respond to housing losses by reducing their spending on other items, and the impact of this will not be immediately felt by their landlord, nor be visible in any statistical collection’ (Scottish Government, 2018, p.4).

With this in mind, the research aims to explore the lived experience of Housing Rights clients who are PRS tenants using a qualitative approach. It is anticipated that the contribution to knowledge which this research will make could be used to inform policy relating to the increasing use of PRS accommodation to house low income households (Rugg and Rhodes, 2018).

### 1.3 Impact of welfare reforms on affordability in the PRS

A 2019 report on the impact of welfare reform in NI (NIAO, 2019) pointed to the savings made by the government in bringing forward the welfare reform agenda. The report shows that across the UK the largest savings were made in terms of payment of tax credits (paid to working families) as well as the freeze on LHA rates (housing benefit paid to PRS tenants). All in all, during the financial year 2015/16, more than £15bn of savings were made by the government in changes to tax credits, CPI up-rating, child benefit changes, benefit freeze and changes to LHA rates (Fig. 1).

Fig. 1: Estimated Annual UK financial savings from welfare reforms 2015-16



Source: NIAO analysis



Whilst it is clear that families would be hardest hit by these reforms, families in the PRS would have an additional hit in the form of the changes to LHA rates which has resulted in lower support for housing costs compared to the cost of renting. This reduction is in addition to the other changes to benefits which have also, in many cases, reduced the amount of support available for families<sup>2</sup>. This is in comparison to households in the social housing sector which were shielded from the effects of the introduction of the social sector size criteria as a result of the implementation of the mitigations package in NI.

The impact of welfare reforms as highlighted in the NIAO report have important implications when one considers the growth of the private rented sector in NI, particularly in terms of the welfare savings made as a result of changes to LHA rates, but also given the increasing prevalence of low income working families and benefit recipients in PRS accommodation in NI. Perhaps in contrast with commonly held views about benefit recipients, around half of all private tenants in NI were in receipt of Housing Benefit in 2016. Of those PRS tenants who were in receipt of Housing Benefit, an estimated 81% faced a shortfall between the amount of rent they pay and the Housing Benefit which they received (NIHE 2016) and one in three found these payments difficult (NIHE, 2016).

The differences in experience of renting for low income social and private tenants is perhaps seen most starkly in the provision of support for housing costs which has differed under successive welfare reforms, beginning in 2008. Whilst social tenants have been largely protected from the effects of the SSSC, it has been argued that PRS tenants have effectively been dealing with the SSSC in NI since the introduction of the LHA. Furthermore, the lack of availability of one and two bedroom properties in NI at or below the LHA rate (McAuley, 2019), combined with the relatively static nature of the waiting list for social housing, has resulted in households having little option other than to rent in the PRS and therefore be subject to the LHA rates which have been largely insufficient to pay for the properties they are able to access (McAuley, 2019). For households which are fully dependent on benefits, this can have a devastating impact. Whilst additional assistance is available in the form of Discretionary Housing Payments, these are time limited and often do not cover the full amount of any shortfall. Given that households frequently prioritise housing costs over other expenditure, this has the potential to lead households into poverty and potentially at risk of becoming over-indebted.

LHA rates having been reduced by successive changes brought in over the past ten years, but such is the impact of the Covid-19 pandemic in the UK, that the Government has recently announced that LHA rates will be restored to the 30<sup>th</sup> percentile. This is obviously to be welcomed and will help households with affordability issues. However, there are still issues with sufficiency of supply of affordable PRS properties, which this measure will not alleviate.

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<sup>2</sup> Due to the freeze on benefits (including child tax credits) as well as benefit increases which were linked to CPI inflation rather than RPI inflation. RPI inflation is higher than CPI inflation and is a better reflection of increases in the cost of living. Linking benefits to CPI inflation therefore has the effect of reducing the amount of money available which can be used to pay for the rising cost of living.

Housing Rights research in 2019 showed that in several BRMA<sup>3</sup> areas in NI there are fewer than 100 properties of any particular type available (13 BRMA area / property type combinations had fewer than 100 properties available to let in 2018 and 7 of these had fewer than 50 properties to let). This has implications for sufficiency of properties available at the LHA rate, meaning that households which are seeking accommodation which is fully covered by the LHA rate will have no choice but to rent more expensive properties and pay the resulting shortfall. For example, in the BRMA South area (which includes Armagh and parts of Newry) there were only 6 one-bedroom properties available to rent at the LHA rate in 2018.

In addition, whilst the difference between LHA rates and the 30<sup>th</sup> percentile in 2018 ranged from less than £1 per week to £18 per week for all property types, with the average difference being £5.89 per week (McAuley 2019), we know from recent research by NIHE (2019) that the average shortfall for households in receipt of Housing Benefit in the PRS was £28 per week, suggesting that many households had no choice but to rent properties which were more expensive than the LHA rate would cover.

It should also be noted that many Housing Rights clients, including those who participated in this research, have reported the poor condition of properties which they viewed (or which they have rented) which were offered at or below the LHA rate. Their concerns include significant issues with poor energy efficiency (heating and insulation issues), which in turn has implications for their other household expenditure.

These changes as a result of welfare reforms have led to a squeeze on household incomes. Furthermore, the potential for rent arrears as a result of shortfalls, puts PRS tenants at risk of legal action, eviction and homelessness (NIHE, 2018).

The difficulty of accessing PRS accommodation for low income households has become an increasing policy concern in recent years in Great Britain (Preece et al 2020) and there has been an increased reliance on the sector to meet housing need. For example, the changes introduced through the Localism Act (2011) in England allowed local authorities to discharge their homelessness duty to the private rented sector (Reeve, et al. 2016). Similar recommendations have been put forward in NI, however, these recommendations have not yet been progressed in practice. The standard requirements for rent in advance and deposits, combined with the reduction in generosity of LHA rates since their introduction in 2008, have combined to create what Preece et al (2020) refer to as a 'fundamental tension' with the drive towards homelessness reduction in terms of the use of the PRS to address housing need for low income households.

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<sup>3</sup> BRMA areas are Broad Rental Market Areas – there are 8 in NI with 5 property types in each – resulting in 40 separate LHA rates covering all of NI.

## **1.4 The Nature of Private Renting**

At the heart of the drive towards greater reliance on the PRS to house low income households is the contradiction between often opposing needs of landlords and tenants. This contradiction centres around the need for tenants to have access to affordable housing which is of an adequate standard and which does not contribute to additional financial pressures as a result of poor standards (particularly as they relate to heating and insulation). This is set against the need for landlords to achieve the expected financial return on their investment, in the form of rents in excess of mortgage and maintenance costs (particularly for those landlords who have opted for interest-only mortgages). The difference between the rent charged and the costs associated with owning the property represents the income which landlords can achieve from their investment. PRS landlords have no obligation to provide housing for low income or benefit dependent households. Such is the nature of the current UK housing system that the centrality of the logic of a free market in all aspects of life (including housing) is taken as common sense (Hall and O'Shea, 2013). In this regard, low income households and particularly those reliant on benefits may be perceived as 'riskier tenants' in the context of recent welfare reforms. This was not always the case and prior to the current welfare reform changes, landlords often perceived housing benefit recipients to be a secure source of income, since their benefits were guaranteed income and the rent was fully covered by benefit payments.

The impact of welfare reforms enacted since 2010 have been such that Reeve et al (2016) showed that landlords who participated in their research perceived both benefit claimants and low income households to be higher risk tenants and were less willing to let to such households. Landlords also acknowledged putting in place additional safeguards, effectively imposing a premium on these prospective tenants. Such premiums took the form of increased deposits or increased rent in advance as well as increasing the contractual rents. In addition, there was more widespread use of guarantors and references for low income prospective tenants. Their research showed that 8 out of 10 homelessness service users throughout England and Scotland found it difficult to access an affordable property with the same proportion finding it difficult to raise the required deposit and meeting the advance rent requirement. In addition, they found that the cost of securing a PRS tenancy had increased significantly over the previous five years, specifically the requirement to pay letting fees and other upfront costs which had also increased.

It should be noted that the anticipated increase in benefit claimants as a result of the Covid-19 outbreak and anticipated financial difficulties for a large proportion of households (most of whom will be facing claiming benefits for the first time), will mean that more landlords will be faced with having to interact with tenants who depend on the benefits system. This has implications for those with mortgage terms which exclude letting to benefit claimants.

### **1.5 Performing the 'ideal' tenant**

The perception of low income tenants (particularly those reliant on benefits) as 'risky' has led to the need for tenants to present themselves as the 'ideal tenant'. Preece et al (2020) highlight the moral distinction in welfare systems between those perceived as 'deserving and undeserving' (p.28) and this is extended to include judgements made by landlords and lettings agents. This impacts on how individuals present themselves in order to avoid negative judgements and thereby overcome landlords' perceptions of certain prospective tenants as 'risky'. In the PRS application process, individuals are keen to present themselves as the 'ideal tenant': one who will be able to manage the demands of a PRS tenancy, including first and foremost the ability to pay whatever access costs are required, and to maintain the rental payments for the duration of the tenancy. Letting agents are also implicated in this approach, often creating processes which push tenants into presenting as 'ideal' (e.g. through the use of credit checks<sup>4</sup> etc.). Such a pressure to present as an ideal tenant (either directly or via the processes implemented by letting agents) may lead prospective tenants into debt in order to provide the access costs necessary to gain a PRS tenancy in the first place and may also lead them to prioritise their rent payments above other essential expenditure. Throughout the duration of their tenancy, the impact of this may be to encourage borrowing in order to meet their rent obligations and avoid arrears which may lead to eviction. Alternatively, such tenants may cut back on other expenditure, such as food, heating and other essential bills in order to pay their rent. Such behaviour effectively hides the lack of affordability among low income and benefit dependent households in the PRS. **Since rent is prioritised, it would appear as though it is affordable unless one looks more closely at household finances to see where resources are being allocated. Therefore, the aggregate picture provided by statistics on rent arrears and eviction due to arrears or non-payment of rent, really is not presenting the full picture.**

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<sup>4</sup> This is an important point to raise as the need to provide a good credit history has implications for those prospective PRS tenants who are renting as a consequence of mortgage default, some

## Section 2: Barriers to Accessing and Sustaining Tenancies in the PRS: evidence from the literature

### *2.1 Affordability issues due to Local Housing Allowance Rates*

Low income households can face considerable barriers to accessing accommodation in the private rented sector, not least of which has resulted from changes to the housing benefit available to private tenants in the form of Local Housing Allowance (LHA) which have resulted in fewer properties available for rent at LHA rates as well as growing shortfalls between LHA rates and actual rents paid (McAuley, 2019). Recent research by Preece et al (2020) highlighted the growing problem of affordability impacting on low income households in the PRS. Whilst there is no agreed definition of affordability (Meen, 2018), Preece et al found that the majority of respondents to their research thought that exclusion from rented housing was getting worse in recent years within the context of an affordability crisis which has been exacerbated by welfare reforms. Access to housing has a particularly strong relationship with welfare policy because of its role in helping households to meet their housing costs (Preece, et al 2020). At the forefront of this affordability crisis are changes to LHA rates and the introduction of Universal Credit, with the 5-week waiting period particularly implicated in contributing (and causing) rent arrears.

While the growth in the PRS would appear to provide opportunities for renters to access accommodation, it does not appear to be the case for low-income households in particular. Fitzpatrick et al. (2017) found that local authorities throughout GB described assisting applicants into PRS properties to be 'very difficult' (p.10) and these difficulties were largely attributed to the combined effects of rising rents and particularly the freezing of LHA rates. Current support for dealing with the gap between LHA rates and rental costs centres on the provision of DHPs in Northern Ireland.<sup>5</sup> Although there are no current projects or schemes which are aimed specifically at tackling the inadequacy of LHA rates on a permanent basis (although emergency changes to LHA rates as a result of Covid-19 pandemic have reset LHA rates to the 30<sup>th</sup> percentile of rents as a temporary measure), research by the Joseph Rowntree Foundation (Oxley and Clarke, 2018) looked at potential costed solutions to encouraging landlords to let to low-income households on LHA, including offsetting a proportion of their rental income against tax if they let to households in receipt of LHA and charging rents no higher than the LHA rate. Whilst the estimated cost of doing so would be in excess of £300m p.a., this is still much less than the increased tax revenue which is anticipated to result from the recent increases in tax charges for PRS landlords (Oxley and Clarke 2018) and so would be an affordable measure from a revenue point of view.

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<sup>5</sup> The use of DHPs varies between GB and NI. DHPs in GB can be used to mitigate against the Social Sector Size Criteria or 'bedroom tax', whereas in NI they are primarily used for private rented sector tenants to help to bridge the gap between rents and support for housing costs.

## ***2.2 The impact of low-income / insecure employment***

Precarious work and minimum wage employment have been highlighted as particular issues affecting NI (Wilson, 2019), with one in four jobs in NI regarded as 'low income' (below the Real Living Wage) and a prevalence of underemployment<sup>6</sup>. Low income households are disproportionately likely to see both income and needs fluctuate from month to month (Simpson and Patrick, 2019), resulting in particular challenges for low income households on insecure or fluctuating incomes in terms of the real-time calculation of entitlement to benefits which are required for UC. This has a major impact on the affordability of PRS accommodation and is a particular issue for young prospective renters (Harding, 2018).

## ***2.3 Issues faced by young renters***

Lower benefit rates for young people (including the Shared Accommodation Rate for single people under 35) represent a tighter squeeze on the amount available to use for accommodation. The lack of availability (or desirability) of shared accommodation represents a further barrier to accessing affordable PRS accommodation. However, a prospective tenant's youth in and of itself is often a barrier to accessing accommodation. Research by Centrepoin (Harding, 2018) found that landlords throughout GB were reluctant to let to homeless young people and concluded that the upfront costs of moving to a PRS property (including deposits and agency fees) served to price young people out of a private tenancy. Furthermore, finding affordable accommodation (even shared accommodation) was a struggle for most young people on low incomes or who rely on benefits. However, their research showed that almost half of the landlords surveyed would be more likely to let to a homeless young person if they had access to a rent deposit scheme or rent guarantee scheme. One third of the landlords surveyed for the research said that they would not let to a homeless young person because housing benefit rates for young people in their area were too low for the rent they wished to charge (Harding, 2018).

## ***2.4 The Impact of fuel costs / poor condition of 'affordable' properties***

Sustain (a partnership research project between Shelter and Crisis) found in their 'A Roof Over My Head' report (Smith et al, 2014) that managing household costs were particularly difficult for low income and vulnerable tenants, even when they were extremely cautious with their budgets and spending. Fuel costs were a particularly difficult issue, with the often poor condition of the accommodation which they could afford, particularly relating to heating type and poor insulation contributing to high energy costs. In addition, the need to rely on meters for electricity and gas (which are the most expensive ways to pay for energy) which were commonly installed in

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<sup>6</sup> Where individuals report not being able to work as many hours as they would like to.

the properties, meant that they were paying what is referred to as a 'poverty premium'<sup>7</sup> (Davis et al, 2016). In their report 'Paying to be poor', Davis et al highlight that for one in ten low income households, paying more for credit than those with access to mainstream financial options, can result in an additional expenditure of £780 per year, with £300 of this going to pay for additional costs of energy as a result of relying on metered energy. In response to these costs, many of the tenants involved in the research by Smyth et al (2014) had taken loans to sustain them and many felt trapped in properties which were unsuitable and expensive, with few options for moving to another tenancy. Echoing research in NI by Manktelow (2011), the Sustain report found that people with limited incomes had very precise knowledge of the way they consumed goods and services. Accessing credit, although difficult (and expensive) was one option for dealing with the cost of moving (including providing rent in advance and deposits) as well as coping with one-off costs and bridging the periods between benefit assessments and receipt of payments. However, credit options for low income households are limited (McAuley, 2020 forthcoming) and often those which are accessible (such as high cost doorstep or payday lenders) are expensive. Lack of access to affordable credit has been a significant issue for low income households for many years (Nocera, 1994).

### ***2.5 Mortgage and insurance conditions preventing landlords from renting to benefit claimants***

Harding (2018) found that official and unofficial mortgage and insurance conditions imposed on buy to let landlords can result in them being unable to let to tenants in receipt of benefits<sup>8</sup>. Furthermore, research by Shelter and the National Housing Federation in GB showed that many lettings agents use blanket 'no DSS' policies which exclude benefit recipients from renting, irrespective of their ability to afford the rents charged. Harding's research showed that 4 in 10 landlords used lettings agents to select tenants, with around 1 in 5 of these having no input into the lettings process at all. This means that, even if landlords were willing to let to benefit recipients, they may well face exclusionary pressure from lenders and from agents acting on their behalf.

In an effort to combat the barrier of access costs, Crisis has called for several measures to be implemented in order to provide help to prospective low income PRS tenants including a national rent deposit guarantee for organisations supporting homeless people in place of a cash deposit (Gousy, 2016), as well as help for paying rent in advance. In terms of tenancy sustainment as it relates to affordability issues, Crisis, along with other housing bodies (e.g. CIH, Shelter, Housing Rights), have also called for LHA rates to be increased in order to make the PRS a more viable option for low income households.

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<sup>7</sup> A term first coined by American sociologist David Caplovitz in 1963 (Davis et al 2016).

<sup>8</sup> Harding's research showed that one in five landlords who had a mortgage on their rental property had conditions around letting to benefit recipients. A further 15% of landlords reported insurance conditions which precluded letting to benefit claimants.

## **Section 3: Barriers to Accessing and Sustaining Tenancies in the PRS: evidence from Housing Rights advisers and clients**

Through focus groups with Housing Rights advisers and a series of interviews with Housing Rights clients, a substantial number and range of issues were raised regarding their experience (or their clients' experience) of accessing and sustaining tenancies in the PRS. This section will explore some of the themes which emerged from the interviews with clients and focus groups with the advisers, focusing specifically on the over-arching theme of financial barriers to accessing and sustaining tenancies in the PRS.

### **3.1 Barriers to accessing accommodation**

#### *3.1.1 Deposits and rent in advance as a barrier to accessing accommodation*

Perhaps the most obvious barriers, and ones which were identified by all of the advisers and the interviewees, were the need to provide a deposit and rent in advance. This was raised as an access issue for all of the advisers. In some cases this resulted in their clients losing access to a PRS property simply because they were not able to access a means to pay the deposit or rent in advance, even when the landlord was willing to let to them. The requirement to pay rent in advance was more often an issue for those clients in receipt of HB or UC 'Help with Housing Costs', which are paid in arrears. This applies to many of Housing Rights' clients and is a considerable barrier to accessing the PRS. However, all of the clients interviewed expected to have to pay both a deposit and rent in advance in order to access a PRS property, even though many found this challenging and the advisers reported that this often led their clients into unmanageable debt.

For most of the interviewees, paying the rent in advance on top of a deposit (usually equal to one month's rent) left them with very little to live on until their next payday<sup>9</sup>. For those who were able to call on the help of parents (such as Jade, Robert and Chloe<sup>10</sup>), this was less problematic, but for others the initial costs of moving into their PRS property often led them into debt. Even those who got help to pay their deposit, regretted having to ask for help, preferring to be self-sufficient if possible. This highlights the disparity between those prospective private renters who have recourse to additional funds prior to accessing the PRS and those who don't. This was less of an issue for those who were moving from their parents' house into the PRS for the

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<sup>9</sup> For example, because of the need to secure her property, Jade moved in mid-month and had to effectively pay 6 weeks' rent in advance. As a result of starting her tenancy mid-month, her landlord required her to pay one month in advance, plus the two weeks to the end of the month and then pay the full month in advance at the beginning of the following month.

<sup>10</sup> All names have been changed to protect identities of Housing Rights clients – as per methodology.



first time and who had family or friends who were willing and able to help, or had access to affordable credit. For others, moving into a PRS tenancy was not necessarily by choice and was necessitated as a result of events which were often beyond their control.

Maria needed to rent in the PRS after her marriage broke down and she had spent a few months living with her sister while she tried to find a PRS property that she could afford on her own. She referred to herself as being 'lucky enough' to have been left a little bit of money when her elderly mum passed away, which was enough to cover the rent in advance and deposit because she said there was '*no way I could save that out of my wages*'. For others, the need to borrow the money (either from family or from other sources) left them without adequate finances to live on. Ruth recalls borrowing to support her move to a new property:

*I struggled really bad because I had borrowed money to get that other house and didn't want to be homeless again... by the time I pay back the money off the people I borrowed it off I have next to nothing left for anything else*

As Maria reflected, she found it difficult enough to move, bearing in mind that she had the means to do so, but was at a loss to imagine how others might cope with more limited means and sympathised with people who were 'stuck' in difficult relationships in particular:

*I'm not one of the more unfortunate cases but I can understand...how difficult it could be for people who are struggling – there's not a chance – if you need to get out of a relationship or even if you've got out and have a couple of kids in a private rental house that's falling down round you because that's all you can afford...it must be horrendous because you're not getting out of that – you are stuck.*

Ruth described her situation in those exact terms, reflecting that she was 'trapped' in a poorly maintained PRS property because she couldn't afford to move elsewhere. One of the advisers also recalled a current client who was claiming benefits and was in poor health who was stuck in very poor standard rented accommodation because she had no way to save to pay another deposit as all of her income was used for her living expenses (including paying the shortfall on her rented accommodation). Tenants in unsuitable properties can also be 'stuck' there for other reasons. For example, Alexandria pointed to the need to stay close to schools and childcare as a restriction on options for moving to another PRS property, highlighting some popular areas in Belfast in particular, where landlords were asking for high rents for properties which were in poor condition.

### *3.1.2 Access costs experienced by foreign nationals*

The experience of paying deposits and rent in advance were not uniform across all of the research participants. For example, Alexandria recalled her experience of working with foreign nationals, whom she said were only able to access the PRS, rarely being able to access social housing. Many of the people she helped were required to pay several months' rent in advance and often required to pay higher rents than those which were advertised, and/or required to pay a higher deposit in lieu of providing a guarantor:

*Alexandria: ...there are some landlords who use this practice to request a double deposit and in this way the tenant will secure the house ... or they will ask double rent and in the contract it won't be shown as a deposit – I've seen contracts like this because I've helped people in the community to secure the tenancy and when I've seen the contract it was stated there that you don't have to pay the deposit but you will pay double rent in advance – and for example if you ruin the things in the house you will pay for it – everything in the house was listed, like if the lock on the door will be ruin you will pay £200, if you have to replace the cooker you will pay £300 and we will extract this from the money you have paid*

*Interviewer: This is as a condition of getting access to a tenancy?*

*Alexandria: Yes*

*Interviewer: And is that aside from the deposit?*

*Alexandria: The deposit doesn't even exist and is not secured because the private landlord, some of them will say that we don't want to put it somewhere else because we want to have access to that money and if you're going to ruin something then it's very hard for us to get the money back from the TDS so they just hold onto it themselves and you have to pay all of that up front – so basically three months in advance*

Alexandria's experience of deposits and rent in advance was echoed by findings from the focus groups with advisers. In some cases, their clients were asked to provide a higher deposit because they were perceived to be 'riskier' clients and this was particularly the case for clients who had insecure income or were foreign nationals. The advisers reported that rent in advance was a particular issue for those on benefits and for young people, although some had had success in getting charitable funds (primarily Vicars Relief) to help their clients. However, there are drawbacks with this strategy in that it is not guaranteed<sup>11</sup> and the maximum grant is £350, which means that should the deposit be greater than this, the client had to show evidence of affordability for the remainder. There was also a requirement to provide a lot of documentation in order to qualify (including confirmation of the tenancy offer, which is often very difficult to obtain).

### *3.1.3 Difficulties with deposit returns*

Although it could be assumed that the deposit is a payment which will eventually be returned to the tenant, the experience of those interviewed was that substantial efforts were made on the part of landlords to retain as much of the deposit as possible, and this was all the more prevalent before the introduction of the requirement for deposits to be protected. Even considering the requirement for deposits to be protected, deposits were thought to be something of a lost cause by a few of the interviewees because some landlords were not registered and therefore did not participate in the deposit protection scheme. However, even with deposits protected, experiences varied with regard to deposits being returned at the end of a

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<sup>11</sup> Advisers reported that only around 1 in 5 eligible applications they made on behalf of clients were accepted.

tenancy. For example, Robert reported having £200 of his deposit retained to pay for cleaning, for broken bed slats and a broken kettle. However, Robert was actually staying in the property and a new landlord was taking it over. Robert had reported the broken items when he moved in (although he did this by email, he did not provide evidence to challenge the deposit retention due to family circumstances at the time). Furthermore, as he was still living in the property, he was in fact still using the same broken bed and broken kettle which were not fixed or replaced prior to commencing his new tenancy. Robert had been asked to move out of the property for a short while to allow for the transfer from one landlord to the other (both landlords were good friends), which is when the property was cleaned. Robert was not in a position to challenge this at the time as his grandmother was ill and he was spending a lot of time at his parents' house helping out and so he didn't challenge the deposit retention and ended up paying the full deposit again to the new landlord. At the time of the interview, Robert didn't feel that he would have any success in challenging the deposit situation, and thought that too much time had passed since it had happened.

Kathryn had been required to pay £1000 deposit (equivalent to 2 months' rent), as she recalled this had been requested from the landlord '*because it was a new build*' at the time she first rented it around 10 years ago. Unfortunately, Kathryn lost all of her deposit when this tenancy ended and her deposit was not protected, so when her landlord had defaulted on his mortgage and had filed for bankruptcy protection, the property was repossessed and Kathryn was left without any recourse to claim the deposit back:

*I thought about going to Small Claims Court, but then I thought 'what's the point?' because he'll end up having to pay like a fiver a week or something and I just couldn't be bothered with the hassle – I have so much else on my plate at the minute with doing the degree and looking after everyone<sup>12</sup>*

### 3.1.4 Guarantors and references as a barrier to accessing accommodation

Advisors who took part in the focus groups recalled that the need to provide guarantors and references were a major barrier to accessing PRS tenancies for many of their clients, particularly those who were leaving prison and for young clients, particularly those on benefits. For many of their clients, the need to provide a guarantor who is a homeowner is particularly challenging, as they may not have anyone in their close circle who is a homeowner or who is earning enough to be able to act as guarantor.

Advisers also reported that for clients leaving prison, the requirements around guarantors and references were particularly challenging, with this barrier being such

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<sup>12</sup> Kathryn was undertaking a degree as a mature student. She lived with her husband and children and had also looked after her siblings (one of whom had special needs) since her parents had passed away. One of her children also had special needs, for which they had made alterations to their previous rental house which they had lived in for 12 years (this is the house she was referring to). Due to the repossession, they had had to move to another house which was not as suitable for all of their needs.

as to drive these clients to rent from unregistered landlords who were less likely to ask for such guarantees or references.

Whilst not all of those interviewed were required to provide a guarantor, there did not seem to be a standard approach by landlords and estate agents as experienced by the interviewees. Maria recalled seeing this as a requirement for all of the properties she was viewing, whereas for others, such as Joe, Alison and Kathryn there was no such requirement. Maria had benefited from her son acting as guarantor for previous tenancies, which she said could have been catastrophic to their relationship when she was involved in a car accident and out of work for several months with no sick pay:

*Fortunately for me it happened at a time when I was sharing with a friend after I had given up my first private rental house at the end of the tenancy. The room I then rented only cost me £240 a month and I was able to continue paying that while I was off because I got half pay for a while – but I wouldn't have had enough to cover a full month's rent in a private house on my own – it would've gone to my guarantor to pay the shortfall – that's why the next time I rented I was very much aware of the possibility of what can happen that's out of your control – anyone out there who doesn't get sick pay may find it difficult to get a guarantor. It wasn't even something my son and I had discussed and I don't think he was aware that I didn't get sick pay – but it happened and luckily for me it happened when I could still afford to keep paying my rent.*

For the younger respondents, such as Chloe, Jade and Robert, their parents had stepped up to provide guarantor for their PRS properties. However, as the advisers pointed out, the need to provide a guarantor can be a particularly difficult barrier for clients who have no one to act as guarantor, as they are usually required to provide evidence of homeownership or sufficient income to be able to support the guarantee<sup>13</sup>. This is obviously a potential issue for clients who might not be close to anyone who owns a property or who is well enough off to be able to act as guarantor. Several of the advisers recalled having clients who were asked to provide an increased rental amount or increased deposit in lieu of a guarantor. The practice of requiring a guarantor was questioned by several clients who were interviewed. Maria reflected that it made her feel 'incapable', as if the tenancy was starting off with the assumption that she might default. **This should be seen in contrast to social tenancy commencement processes, in which the emphasis is on making sure the tenant has everything needed for the tenancy to succeed.**

### 3.1.5 Upfront fees and other access charges

In spite of the legal judgement given in December 2017 in NI that fees should not be passed on to tenants for services that a letting agent carries out on behalf of a

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<sup>13</sup> This was highlighted by advisers and by Alexandria as a particular issue for foreign nationals, who might have a suitable guarantor but because they live in another country, they are not acceptable as guarantor, and often these prospective tenants are required to provide additional security in the form of increased deposits or increased rental payments.

landlord, it would appear that agents are continuing to charge such fees. A joint communique from the NI Ministers for Communities and Finance in March 2020 acknowledged that this was the case and reinforced the December 2017 judgement. Housing Rights Advisers reported that access fees were a major hurdle for their clients, with some exorbitant fees still being requested, even for services which fall under the criteria which have been deemed to be illegal letting fees as a result of the December 2017 judgement. However, they reported that their **clients have by and large felt that they had to pay these fees or risk losing the accommodation**. Furthermore, whilst a few of their clients had successfully challenged illegal fees once they were in a tenancy, they had had to pay them in the first place in order to secure the tenancy. Access fees were particularly an issue in areas of high demand. Chloe, Jade and Maria reported being required to pay administration or application fees. Chloe also had to provide a fee for getting a reference and Maria and Michael were asked to pay for a credit check to be carried out. Michael was also required to agree to a 'check out' fee at the start of his tenancy and felt that the '*odds were stacked against tenants*' with regard to fees and other charges. Michael was aware that the fees he had agreed to pay might not be legal and this was the reason for his contact with Housing Rights, but he felt that he had no choice but to go ahead and agree to pay whatever was required in order to access his tenancy:

*...in the end I just paid the fees – I don't know what would've happened if I didn't pay it, but that check out fee was written into the contract – and I was told by Housing Rights that I could ask what that was for but I reckoned they [estate agent] could've said it was for something – it's what they do for a living! So I didn't think there was any point fighting it... I just thought it was more hassle than it was worth*

### 3.1.6 Availability of affordable accommodation

Although the financial implications of accessing the private rented sector were highlighted by all of the interviewees (including high rental costs), there were particular issues of affordability for those relying on Housing Benefit (HB) or Universal Credit (UC) 'Help with Housing Costs', both of which are paid at the Local Housing Allowance (LHA) rate. According to the advisers, many of their clients who have to rely on HB or UC to help pay the cost of their housing, are unfamiliar with the LHA rates which dictate the amount of support they will receive. For example, Patricia a young single person who was claiming benefits and trying to access a PRS property for the first time and at 29 years old, was entitled only to the Shared Accommodation Rate:

*Interviewer: If you're applying for housing benefit would you be entitled to the Shared Accommodation Rate?*

*Patricia: Oh God I don't know – I don't know what I'd be entitled to...I'm looking at properties around £100 a week, that's what most of them are around.*

To put this into perspective, in the area where Patricia was currently looking for accommodation, she would be entitled to £53.60 per week. Patricia's experience was similar to many of the clients which the advisers dealt with on a daily basis, who were largely unaware of the amount of HB or UC to which they would be entitled. This is an important point in that people who rely on HB or UC might be looking for somewhere to rent before they know how much support they are likely to get. This has implications for their ability to access the PRS, but also in general for their ability to manage their limited finances after taking housing costs into consideration.

LHA rates were generally thought to be so low as to exclude many of the advisers' clients from finding accommodation that they could afford to rent, or if there were properties available at the LHA rate, they were largely in poor condition. In some cases, their clients had managed to access affordable accommodation only to find that poor insulation and/or type of heating installed, meant that they were paying exorbitant fuel and electricity costs which more than exceeded the savings made in renting the accommodation, leaving them unable to afford to save to move to better accommodation. Ruth found it particularly difficult to get a decent house within her LHA budget:

*Whenever I went to look for a house I wasn't even getting to see a proper house - I was just getting to look at the houses that nobody wanted because I was on benefits...one house I went to see was actually done nicely and didn't need no work or nothing done til it... and then I said it wanted it – but they said they'll not take anyone on benefits! no one will take you if you're on Universal Credit... you only get the houses that nobody else wants – and if you're desperate you'll take it and you know I really had to get somewhere to live before the child come along and I ended up taking this house – I was only in 6 or 7 days and then [child] was born.*

Like Ruth, many of the advisers spoke of having clients who had experience of being turned down for PRS accommodation because of being on benefits – either landlords unwilling or unable to let to tenants who are in receipt of benefits. It isn't known whether this is due to restrictions on their mortgage contracts or because of the level of LHA support and the potential to try to avoid having to collect the shortfall between housing support paid by HB/UC and the rent which they need or wish to charge on their properties.

### *3.1.7 Differences between UC and HB for prospective PRS tenants*

Some of the advisers talked about particular issues with UC compared to HB. For example, under the HB system, landlords and agents were able to help a prospective tenant with their application for HB, including helping them to fill in the HB form, but they can no longer do this for their UC application. In addition, there are requirements for the landlord to provide documentation for UC which some of those interviewed found particularly difficult. Robyn had experienced particular difficulties trying to get her landlord to provide the documentation needed for her UC claim. When she had previously been working, Robyn had paid her landlord in cash and when she had to claim UC she found that her landlord was very reluctant to be paid directly by UC. Although she did eventually provide Robyn and UC with the

necessary information for her claim, the delay and the need for Robyn to provide constant reminders to complete the application caused Robyn additional stress at a time when she was out of work because of mental health issues.

### *3.1.8 High turnover in PRS requiring speed of application*

The advisers also pointed out that in high demand areas, prospective tenants really need to act very quickly in order to access a PRS property, which isn't something that most of their clients could do. Clients were often required to have their deposit ready and paperwork in order so that they could access an available property. This was highlighted as particularly difficult for those clients who need to rely on charitable support for deposits and rent in advance, or who have applied for a discretionary loan for these. This was supported by Maria's recollections of looking for a property in a very popular area of Belfast. Maria recalled that the time period from viewing her current property to signing the tenancy agreement was around an hour, having first had to make sure that she had her deposit money ready and all of the documents needed (including her guarantor's contact details).

There was a general feeling among advisers that in an expanding private rental market, there was an expectation that landlords would understandably prioritise letting to tenants who are in a better financial position and therefore less likely to find the rent they are charging unaffordable or to face the risk of a tenant falling into arrears. There was also an acknowledgement that landlords were beginning to withdraw from letting to benefit claimants because of the administration of UC.

## **3.2 Barriers to sustaining tenancies**

### *3.2.1 The impact of viewing rent payments as a priority*

All of the interviewees spoke of prioritising their rent over other expenditure, primarily to avoid the potential for eviction. For example, Kathryn had been in the PRS for over 12 years and as well as her own children, her and her husband were caring for her siblings, one of whom had special needs:

*there has to be a secure base for them no matter what, so the rent got paid first ... so we just don't do anything or have luxuries or anything – we just get by at the minute and that's all*

Jade reflected that prioritising her rent was of paramount importance:

*Oh yeah – 100%... since the first month as soon as we'd paid the deposit and paid the rent and paid the application fees and everything when we moved in we had literally nothing left – we had no food in the cupboards... when it comes to the rent it's the biggest stress because we've been threatened with eviction before when there was a two week delay in paying the rent*

Maria had taken a mortgage on a property with her now ex-husband. When the property market collapsed, they found themselves in considerable negative equity and when they

were unable to get a new mortgage deal after their initial deal expired, they fell into arrears and around the same time the marriage broke down. The house was eventually repossessed, but by that time Maria had already moved into a PRS property and her ex-husband had remained in the house which they had owned together. Prioritising her rent over other expenses was a 'no brainer':

*Oh God yes! Rent and bills over everything else! You pay your bills before you eat – oh God yeah! Just to make sure you keep a roof over your head – it's the most important thing – yeah, I think when you've ever lost the roof over your head at any time in your life it becomes the absolute priority no matter what.*

For those interviewees who relied solely on benefits, prioritising rent often meant going without even basic necessities. For example, Julia recalled being advised by the letting agent to pay whatever she had towards her rent after she split up from her partner and was waiting to be assessed for help with her housing costs:

*Whenever me and him actually broke up I was sitting with £262 in my account and I told him [letting agent managing the property] that there would be a payment made by UC and they said well, what did you get paid today? and I told them what I was paid and they said well if you pay all of that to us at least you have the security of having a roof over your head and I was like, yeah but how do I feed my kids? That was their exact words to me – that was what the estate agent actually said to me and bearing in mind at this stage when this was happening I had asked them to do repairs and that was into the second year waiting for those repairs to be done.*

Julia eventually got her UC claim sorted out and although she was paying around £20 per week over and above her UC Help with Housing Costs, she still felt that she was better off than friends of hers who were struggling to pay even greater shortfalls. She recalled one friend who worked part-time, who was left with only £200 per month to pay for all her other expenses including food and bills. Julia had recently been awarded a DHP but said that none of her friends knew about those before she had contacted Housing Rights:

*A lot of people don't know about that DHP thing either – no one I know knows that – they don't advertise that*

### 3.2.2 Fuel efficiency issues impacting affordability

Just as with the research carried out by Crisis in GB (Smith et al, 2014), which found that managing household costs particularly as they relate to fuel costs were particularly difficult for low income tenants even when they were adept at budgeting, Housing Rights Advisers found that poor fuel efficiency and condition of properties in general had a major impact on their clients' ability to maintain their tenancies. Advisers pointed out that many of their clients in PRS accommodation were seeking advice on what they can do about landlords/agents who were not carrying out essential repairs, including many clients who were left with broken heating systems. They also highlighted the experience of clients who were able to access affordable properties (e.g. at the LHA rate), only to find months later that the inefficient heating



and poor insulation meant that they were spending excessive amounts to heat their homes, or finding that the inability to adequately heat their home was resulting in damp and mould which was affecting their health. Alexandria found this to be a particular issue for foreign nationals who came to her for advice on their accommodation. Alexandria herself experienced this first hand in her first PRS rental after coming to NI, having to deal with a broken oil-fired heating system for several months over the winter. Maria had a similar experience, spending five months without a working heating system and others (Joe, Julia, Robyn and Ruth) all experienced their past or present PRS accommodation as being difficult to heat or to keep warm due to inefficient or broken heating systems and/or poor insulation. The implications of this in terms of the higher costs of heating their homes using electric heaters were major issues for Alexandria and Maria. Alexandria reported that she regularly tripped the electricity in the house by running just a few heaters, also finding that using the metered electricity which was installed in the house to be very expensive. Maria had a very similar experience, as she recalled ‘*burning through*’ money on her electricity meter, just to keep one or two rooms comfortable:

*I'm spending a fortune on heating this place because the boiler is so old and inefficient and there's no insulation worth talking about – I have to keep an electric radiator in the living room even with the heating on! ...its just an icebox in the winter! If I have my grandkids visiting – I have to put the heating on for hours beforehand so that the house would be at least comfortable without your coat on – honestly! My heat is going out through the walls. When I come home from work I put the heating on - there's no timer because the system is so old! but I still have to keep my coat on for a good hour! It's just an old uninsulated house and it doesn't matter to the landlady – she's not going to benefit from insulating the house in any way – that's just my tough luck – I have to pay more to heat it but she gets the same rent regardless.*

Maria raises an interesting and important point in this regard in that, due to the low fitness standard in Northern Ireland, there is no incentive for a landlord to insulate a property or to provide an efficient or effective heating system. There is also no incentive to up-date an existing heating system which is working, no matter how inefficient it is. This might seem unrelated to affordability at first, but it has clear implications on a low income household's ability to manage rent payments as well as keeping warm.

In addition to having first hand experience with heating problems in her PRS property and because of her role in helping others in her community, Alexandria recalled several families who were struggling with being able to pay for heating houses which were also in poor condition:

*Some people, they don't even have enough money to pay for electricity for heating – we had a case of a lady who with 6 children and her husband died before Christmas last year and the husband was the only one working and providing for the family and she end up relying on the husband's family – but they didn't have enough money to sustain her and she didn't have enough money to go back home so she came asking for support even to have money to heat the house for the children – so she didn't even have £10 to have*

*heating into the house and so she just open up the heaters only for 2 hours a day because she can't afford more.*

These experiences point to the impact which poor conditions in PRS properties can have on tenants' ability to manage their budgets effectively and to pay their rent.

### 3.2.3 Arrears in the PRS

The advisers highlighted the issue of affordability of PRS properties in general as a major barrier to sustaining tenancies. In addition, some clients had accumulated arrears and had found it difficult to ascertain how exactly the arrears had accrued. This was the case for Julia:

*They [estate agent managing the property] told us we had arrears accumulated and we couldn't see where these arrears were coming from – like they were saying there was arrears from 3 or 4 years ago – we had made payments back then and we thought we had cleared all the arrears – like there was arrears when we went onto UC and all that – but we actually had paid them. They gave us two days to pay £500 and we had to sit with nothing so we could pay that to keep a roof over our head – but then at the end they said there was arrears from years ago and I don't understand what way they were doing it – it was just a nightmare. They sent me out like an Excel spreadsheet and the deposit and all we paid wasn't on it so we said 'if it's not on that where was it?' There was no deposit in a scheme – we literally handed over the money at the start and it was just forgot about.*

In terms of reaching an agreement between tenants and landlords over arrears in PRS properties, advisers pointed out that although this might be possible, in practice in the absence of a formal alternative dispute resolution system in NI, clients would have to go to court to formally defend a possession order or notice to quit resulting from arrears. This could be potentially costly for their clients as they could be liable for court costs and so, in their experience, the majority of tenants would not take this route. This also applied to tenants who were living in PRS accommodation which was in a very poor condition, who were reluctant to involve the Environmental Health Officer because of the fear of retaliatory eviction. In the event that a tenant felt that the condition of the property violated the tenancy agreement, advisers pointed out that only a High Court judge could make that decision, but tenants are by and large reluctant to take issues that far.

### 3.2.4 The impact of low income and insecure employment on affordability

A few of the interviewees had little difficulty paying for their rent, or in the case of Joe, his UC payment (housing element) fully covered the cost of his rent. Michael had experience of paying higher rents when living in Scotland but said that the standard of accommodation there was much higher for the extra that he was paying. Despite working full-time at just above minimum wage, Maria was struggling to pay rent, which amounted to over half of her take-home pay. Whilst she was conscious

that she could access cheaper accommodation farther away from work, she pointed out that this was something of a false economy, as she would then incur higher travel costs.

Precarious work contracts have also been a stumbling block for tenants, with advisers reporting that landlords seemed to be wary of letting to prospective tenants who are on insecure contracts (even regardless of income). The challenge of managing to pay rent with a fluctuating income was also highlighted by advisers. For some of their clients, paying for things like Christmas and back to school costs, managing budgets on precarious employment can be particularly difficult. The advisers also reported that whilst under HB there was a 13 week safety net, this does not exist under UC. This meant that under HB there would have been a 13 week period where rent would have been paid in the event of a reduction in wages or job loss, which gave the tenant time to secure another job. There was a feeling that this has made landlords wary of letting to people in contracted work and particularly those on zero hour contracts. There was also a general feeling that the PRS was not currently a viable option for low income tenants and particularly for those on benefits or in precarious employment. There was an expectation and an understanding that private landlords would be more concerned with making a profit or at least covering their mortgage payments, rather than with the welfare of their tenants, and that it was not their responsibility to provide affordable accommodation for low income households.

Echoing research by Harding (2018) regarding the impact of precarious employment and UC entitlement, Jade's experience of trying to access UC whilst on a zero hours contract was typical of cases which the advisers spoke about, including getting paid twice in one assessment period, which is what had happened to Jade at the point that she first tried to claim UC. After her initial UC claim was rejected, Jade and her partner were threatened with eviction after falling into arrears with their rent. Jade's partner was working part-time and they were struggling to make ends meet at the time and had been in their flat for a short time before making a claim for UC which they hoped would help them to manage their fluctuating wages:

*we'd been living here about 6 months and when we actually first signed our lease I remember the estate agent telling us that they accepted benefits but when it actually came to it our estate agent just completely flipped and didn't want anything to do with it and he wanted to increase our rent just because we were claiming benefits.*

### *3.2.5 The impact of welfare reform on ability to access and sustain tenancies*

The experiences of Housing Rights advisers and clients with regard to the effect on affordability of welfare reform measures echoed the findings of Fitzpatrick et al (2017) in GB in terms of the difficulty of finding and keeping affordable PRS accommodation when relying on benefit support for housing costs. In addition to the inadequacy of LHA rates (McAuley, 2019), the impact of the UC system was highlighted as a particular barrier for clients.

Chloe was in the five-week waiting period for UC at the time of the interview and had no idea how much (if any) help she would get to pay her rent. In the meantime, she was accruing arrears and although her landlord was very understanding, the estate agent was continuing to send emails demanding that she pay the rent owing. Chloe was expecting to have to pay a shortfall between the help she would be entitled to and the rent she had to pay and was aware that this would be paid from the other elements of the UC that she received. Other interviewees also reported paying the shortfall from their other benefits (Ruth, Kathryn, Julia, Laura and Robyn).

Robyn had found it difficult to navigate the application process for UC after coming out of work with mental health problems, including experiencing difficulties getting her landlord to provide the required information for the UC application. Although the landlord had initially asked Robyn to pay her an additional amount of rent in cash on top of what she was getting from UC, she eventually seemed willing to accept the amount of UC to which Robyn was entitled in full settlement of her rent. However, Robyn was subsequently distressed to receive a demand for rates from Land and Property Services, after her landlord had put the rates in her name (they were initially included in the rental amount, but the tenancy agreement had expired and was not renewed). Robyn was now facing a bill for £1,000 which she was unable to pay and this was adding considerably to her mental health issues.

For clients under 35 who get help with their housing costs, advisers reported that the Shared Accommodation Rate is a major hurdle to being able to afford to keep a roof over their head. Whilst Patricia was concerned that her age was precluding her from getting access to accommodation because landlords and estate agents '*probably want someone they think is going to be a bit more settled*', the cut-off age of 35 (i.e. she was told that the landlords usually wanted someone 35 or over) would suggest that it could also be due to the restriction of LHA rate in the PRS to the SAR for under 35s.

For other clients in receipt of help with housing costs, advisers reported that the LHA rates are generally felt to be insufficient, with many clients paying significant shortfalls even with the help of DHPs. The LHA rates were an issue for landlords who contacted the Housing Rights Landlord helpline, with many reporting that they were faced with either withdrawing from letting to benefit claimants or putting up with a large shortfall themselves between what they receive in rent payments from their tenants benefit payments and what they have to pay in mortgage payments. Other landlords had experienced difficulties with over-payments due to administrative error being claimed back directly from them and this was making it less likely that they would let to UC claimants in further. Advisers also reported that landlords with more than one property were often having difficulties identifying what the payments they had received were for, as this was not specified in any documentation. In addition, advisers reported that some tenants were being asked to pay arrears because the landlord had been receiving 12 payments which were lower than the contracted rent, without realising that they had received a 13th payment which made up the difference as a result of the payment schedule being 4-weekly whereas the rent is charged monthly.

Whilst some of the interviewees were aware of the need to claim for rates separately as a result of contacting Housing Rights, this was highlighted by advisers as an issue for many clients who were unaware that they had to make a separate claim for rates under UC. There were also issues regarding the non-payment of rates (included in rental charges) by landlords, which have left some clients facing bills from LPS if their landlord had not been paying the rates to LPS which he/she had collected from the tenant.

Advisers working on Housing Rights' prisons projects also reported difficulties with regard to sustaining tenancies when their clients were remanded in custody. This was particularly difficult for clients on UC, where rent is paid for only 6 months whereas under HB it was paid for 52 weeks when clients are in custody<sup>14</sup>. This affects tenants in NI in particular as there are longer waiting times for court hearings here than in other parts of the UK. In some cases clients had lost their PRS tenancy while in custody, in spite of eventually being cleared of any crime.

### *3.2.6 The impact of relationship breakdown on sustaining tenancies*

The advisers and some tenants reported that relationship breakdowns are a major challenge for PRS tenants in sustaining tenancies, with many clients finding that they can no longer afford to stay in their accommodation after they have split up and falling into arrears as a result of not being able to get out of the tenancy until the end of the agreement. This was the case for Maria, who had endured an increasingly violent relationship because she could not afford to pay the rent on her own for the remainder of her 12 month tenancy agreement. After her partner moved out Maria decided to try to maintain the tenancy on her own, however she faced an additional barrier, in the form of a charge for changing her tenancy agreement.

Highlighting the impact of fees charged as a barrier to accessing *and* sustaining tenancies, several advisers reported that charges for changing a tenancy agreement were common for their clients, with amounts charged ranging from £50 to £200 (sometimes with VAT added on). These charges were for various changes to the tenancy agreement, including adding a person to the tenancy, changing a guarantor's name, or even renewing a protected deposit. The advisers stressed that even when certain fees and charges have been shown to be illegal, tenants are reluctant to challenge them for fear of losing their tenancy (if applying for a property), not having their tenancy renewed, or retaliatory eviction. Advisers also recalled tenants being charged fees for late payment of rent, in some cases clients were charged £10 per day and the only legal challenge is to claim this as an unfair term in their tenancy agreement under consumer rights. Other charges included charges for missed inspections, fees for additional keys, fee for a delayed response to a request for an inspection<sup>15</sup>.

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<sup>14</sup> UC was also highlighted by advisers as an issue for clients who were going into custody who were previously working and needed to make a claim for housing costs in order to keep their tenancy in the short term – as there is not the same ability to claim nil income as there was under HB.

<sup>15</sup> Fees in respect of missed inspections and delayed rent or responses to requests could perhaps be more properly construed as 'fines' or sanctions, but these are written into tenancy agreements as fees which will be charged in the event of such transgressions.

Around half of those interviewed had paid fees at the start of their tenancy and three of the interviewees had experienced being charged excessive fees for amending tenancy agreements. All three were charged in excess of £200 to change their tenancy agreement after the breakdown of a relationship (in Maria's case as a result of domestic violence). Laura had been charged a £250 'admin fee' by her estate agent for changing her tenancy agreement in order to apply for UC after her partner left the home. However, after confronting her landlord directly about what she considered to be an exorbitant charge, he offered to provide her with a new tenancy agreement free of charge and had no idea that the agency was charging her for this. There was a general feeling that estate agents managing properties for private landlords were charging fees which the landlords were not aware of. The other two interviewees had paid the full fee charged.

The next section will explore current support available for low income households in accessing and sustaining tenancies in the PRS, which include PRS access schemes and various types of tenancy support schemes and projects.

## **Section 4: Current Support for Accessing and Sustaining Tenancies in the PRS for Low Income Households in GB and NI**

### ***4.1 The Housing Options Approach***

Focusing on overcoming the barriers to accessing and sustaining tenancies in the PRS is particularly relevant at this point in time, given the potential for implementing a Housing Options approach to preventing homelessness in NI, which relies on the availability of support for PRS tenants. The report on Housing Options (Mehaffy, 2013) states 'while it is widely accepted that the private rented sector will become increasingly important as a means to address housing need there are concerns that, as a result of welfare reform and changes in Local Housing Allowance, affordability issues may be exacerbated, making this option unsustainable for some low income households' (p. 17). The Homelessness Strategy for Northern Ireland (NIHE, 2012) called for the establishment of a PRS access scheme for NI which would have direct contact with both a private landlord and a prospective tenant who is homeless or insecurely housed in order to assist the latter in accessing and sustaining a tenancy in the PRS. The subsequent investment in Smartmove was the primary means by which this was achieved. However, since 2018, the withdrawal of funding for Smartmove has been greatly diminished and the deposit scheme has been wound down (see below).

The Housing Options approach discussed in Mehaffey's paper also recognises the need for support aside from accommodation needs, such as employment and training, health issues, personal development issues and money advice. Whilst these would no doubt be of benefit to low income households, the focus on personal responsibility (reflected in the focus on self-help type approaches such as motivation and self-esteem building) does not adequately reflect the systemic issues which may be adversely affecting the ability to sustain tenancies, such as the lack of adequate financial support and the reliance on the private rental market for setting rents<sup>16</sup>.

Reeve et al (2016) showed that the development of PRS access schemes and other forms of support for accessing PRS tenancies aimed at low income households could help to overcome some of the barriers faced for prospective PRS tenants. In addition to deposit schemes (e.g. bond schemes), other forms of tenancy support and training for landlords and tenants were considered to be beneficial.

With this in mind, we now turn to exploring the provisions which have been implemented in recent years aimed at helping low income households to access and

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<sup>16</sup> This is particularly relevant when one considers the dependence on the market rate for rents which are used to peg the concept of 'affordability' to – most notably in the definition of affordable rents as 80% of market rents. Such a measure has no reference to incomes and perhaps the London housing market is the most extreme example of this, with 80% of average market rent for a one bedroom property coming in at around £800 even for areas which are lower cost rental areas according to a [BBC business report from 2018](#) – which is patently unaffordable for any low income household.

sustain tenancies in the PRS, as well as those which are currently operating in other parts of GB and further afield.

## **4.2 Examples of PRS Access Schemes – GB**

Between 2010 and 2014, Crisis ran the PRS Access Development Programme throughout England which was funded by the Department for Communities and Local Government. In spite of the successes of the majority of the 153 PRS access projects, funding cuts and insecurity meant that many of the schemes were not supported beyond the end of the funding period (Young, 2015). Crisis secured funding to continue supporting the projects which achieved 75% of their targets, but this too ended in 2016.

### *4.2.1 Crisis Skylight Centres*

One such PRS access scheme, operated by Crisis at their Skylight centres, offered practical and creative workshops together with formal learning opportunities as well as the provision of a Housing Coach Service. The service also included a pre-tenancy training programme. In addition, the scheme worked closely with landlords to secure good quality and affordable properties for participants. The provision of a Housing Coach and training for prospective tenants represented an effective way to address the concerns of PRS landlords with regard to letting to tenants who they felt would require more intensive tenancy management (Gousy, 2016). Some access schemes provided on-going support throughout a tenancy for both landlords and tenants, therefore minimising the risk of rent arrears.

### *4.2.2 Rent Deposit Guarantee Schemes, Scotland*

Young (2015) draws attention to the success of Rent Deposit Guarantee Schemes (RDGS) in Scotland, which by 2015 were operating in 30 of the 32 local authorities there, with a few of these operated on behalf of the local authorities by third sector organisations. According to research by Crisis (Reeve et al, 2016), just over 80% of local authorities in England had a bond deposit scheme operating<sup>17</sup>. There are a number of key benefits of providing a bond guarantee, including reducing the financial risk for landlords should damage occur, but perhaps more importantly, such bonds represent a way to overcome one of the major hurdles to accessing PRS accommodation for low income households. However, such schemes have not been without critics, with Preece et al (2020) noting that there was a perception among housing practitioners that landlords preferred cash deposits rather than any sort of 'paper bond'.

Young (2015) makes the case for a bond scheme which is underwritten by government. This would mean that there would be no cash paid into a tenancy deposit scheme, but that any claim made by a landlord would be made against the bond scheme. Her research showed that the average claim rate for such bonds was

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<sup>17</sup> For example, Gousy (2016) reports on the bond scheme operated by Worcester CAB which issued 100 bond guarantees in 2014/15, with the average bond being £500 and an average claims rate of 14%.



15-20%, and so she recommended that such a scheme would only need to hold in reserves around 50% of the total value of the bonds issued to tenants. Several local authorities in England and Scotland operate such schemes, which are available either directly to tenants, or to landlords as an incentive for letting to low income tenants. For example, Croydon Council operates the Croybond scheme, which is aimed at landlords. The Council offer a bond in lieu of a deposit, meaning that the prospective tenant does not have to provide a cash deposit. In addition, the council offers free advice and support for tenants and for landlords aimed at sustaining tenancies for low income households. In order to qualify, the landlord must make sure that his/her property meets certain standards but they will also get access to grants and low cost loans to bring the property up to standard. In return for letting to low income households, the landlord gets access to a free letting service via the council and free checks on their property.

#### *4.2.3 Cheshire West and Chester Council bond guarantee scheme*

Cheshire West and Chester council provide a bond guarantee scheme which is aimed at low income tenants and those on benefits. The bond scheme provides a non-cash deposit to the landlord, guaranteed by the local authority. The tenant must commit to saving with the local credit union (a savings account is opened for them as part of the scheme) and is encouraged to save the full amount of the deposit over the course of a year. If there is no claim on the bond at the end of the tenancy, the tenant gets to keep the full amount saved and can use this as a deposit for future tenancies. In addition, the council offers a mediation service between tenants and landlords, a list of suitable properties for tenants to use, free advice from a specialist PRS team and referrals for schemes offering low cost furniture.

#### *4.2.4 Kirklees Council deposit scheme*

Kirklees council (in West Yorkshire) offers a similar scheme to Cheshire West and Cheshire offering a bond in lieu of deposit and a savings account which is aimed at providing a deposit for moving on. The bond they offer is no higher than the equivalent of one month's rent and no more than the LHA entitlement for the size of the property. In addition the council offers regular tenancy reviews (at 1, 3, 5 and 10 months) in order to address any emerging issues. They also provide advice and support throughout the tenancy. In order to be eligible, properties must meet current standards and have all relevant safety certificates in place and up to date.

#### *4.2.5 Whitechapel Centre, Liverpool Access Scheme*

In addition to local authority operated bond schemes, some are provided by third sector organisations. For example, The Whitechapel Centre in Liverpool helps homeless people to access accommodation in the PRS by helping them with a property search (all properties listed will have met their standards) and they also provide a bond guarantee in lieu of deposit. In addition, each tenant is allocated a support worker who will provide home visits in order to help the tenant to get settled in. The support worker is also a point of contact between the landlord and tenant. Other such schemes were aimed at particular target groups. For example, the Nomad Opening Doors 'Smart Steps' project, which was funded by Big Lottery

(£430k over 3 years) aimed to support young homeless clients into training flats and then into the PRS once they were ready to move on. The project also helped young people directly into the PRS if they were ready for this option.

#### *4.2.6 Ayrshire and Fyfe – Bond Deposit Schemes*

Bond deposit schemes are also operated throughout Scotland, including for example, North Ayrshire Rent Deposit Scheme (a council-run scheme) and Fife Keyfund (run by Trust in Fife, a homelessness prevention charity). Both of these schemes offer a full deposit in the form of a bond provided to the landlord, with regular payments made to the scheme which accumulate over the course of a year and which provide a full deposit for a future tenancy (either in the same property or to fund a move to another property). In addition, Trust in Fife offers a Tenancy Share Project – aimed at helping homeless people under 35 to successfully share private rental accommodation and divide costs.

Although the majority of local authorities in England provide access to free advice on accessing and sustaining tenancies in the PRS, only around a third of the local authorities surveyed by Reeve et al (2016) had a full PRS access scheme in operation which included a tenancy sustainment element. Even for those local authorities which had PRS access schemes or bond schemes, the provision was not adequate to meet demand due to lack of funding. Importantly, over half of the landlords involved in the research who had used PRS access schemes said that they would not have let to tenants whom they perceived as higher risk without such schemes, citing the provision of ‘guaranteed rent’ and bond/deposit schemes as the elements which were valued most. In addition, the local authority officers who participated in the research expressed the view that the help and support provided by the PRS access schemes (including tenancy support and training, bond schemes and help with other costs) improved people’s access to and ability to sustain PRS tenancies. Perhaps the most stark finding in support of PRS access schemes came from the tenants who participated in the research and who had used such schemes, 96% of whom said that it would have been difficult or impossible to access affordable or suitable accommodation without using the scheme<sup>18</sup>.

Whilst the cost of operating the 92 schemes<sup>19</sup> which Young (2015) considered was £3.4m for a full year, she estimated that in just three months of operation, these 92 schemes saved a total of £13.5m to the public purse.

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<sup>18</sup> It should be noted that all of these tenants were recruited as a result of accessing homelessness support services (including advice services).

<sup>19</sup> These schemes included organisations which secured small pots of funding which were used to provide ‘move-in’ packs. This recognises that often the need to provide a range of ‘small cost’ items can be overwhelming, particularly for first time tenants e.g. kettle, toaster, microwave, bedding, cutlery and towels.

### **4.3 PRS Access Schemes NI**

#### *4.3.1 Smartmove*

Smartmove is a PRS access scheme working across NI. Until recently the project had significant investment from NIHE, but since funding was withdrawn in 2018<sup>20</sup>, the project has been significantly scaled back<sup>21</sup>. Currently in NI there is no private rented access scheme in the terms such a service would normally be understood.

When the Smartmove scheme was fully funded, tenancies were managed free of charge, but now charges landlords a fee of 5% for the service<sup>22</sup> (which compares very favourably to the fees charged by estate agents for managing properties, which are around 10% p.a.). The properties are advertised to let by Smartmove which matches tenants to these approved PRS properties. Smartmove aims to support low income tenants to sustain their tenancies by offering 'floating support'<sup>23</sup> (for which any PRS tenant can be referred – whether the property is managed by Smartmove or not). For those properties which are fully managed by Smartmove, tenants are not required to pay the full rent in advance, only 4 weeks' worth of the difference between LHA and rent charged (e.g. if the shortfall between LHA and rent charged was £5 per week, the tenant would be required to pay £20 up front). Whilst all of the properties are at the cheaper end of the market, none of the properties currently managed by Smartmove are offered for less than £100 per week (and none are currently within the LHA rates).

When the project was funded by NIHE it also provided a deposit scheme, whereby the majority of the deposit was secured by Smartmove through a bond agreement between the landlord, tenant and Smartmove. The tenant would be required to pay a small amount upfront (between £50-£100) and would then pay the remaining amount in weekly instalments over a 6-month period. However, if the tenant failed to pay the full deposit over the course of the bond agreement, Smartmove was then liable for the outstanding balance.

The service helped between 40-60 tenants per month prior to 2019, including tenancy sustainment cases, deposit bond cases and also full tenancy management. At time of writing there were only 21 properties advertised to let on the website and

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<sup>20</sup> Smartmove have since secured funding from the Oak Foundation for the next three years.

<sup>21</sup> Prior to NIHE funding ending, Smartmove managed around 480 properties in 12 areas throughout NI. The need to introduce the 5% property management fee was introduced after the funding ended. Smartmove currently manages 330 tenancies, mostly in Derry/Londonderry and Belfast, with a few properties still in Armagh.

<sup>22</sup> Service includes rent collection, tenancy management, repairs, tenant matching, advertising properties.

<sup>23</sup> Floating support offered by Smartmove includes help with making claims for HB or UC and Discretionary Support, help with budgeting and managing finances, mediating between tenants and landlords/estate agents.

only five of these was in the Belfast area. The scheme operates primarily in Belfast and Derry/Londonderry with a few properties also in Armagh and Fermanagh<sup>24</sup>.

#### *4.3.2 Vineyard Compassion – Rent Deposit Scheme*

Vineyard Compassion secured a small pot of funding to run a project which would aim to help low income households who were on the housing waiting list and were Full Duty Applicants (FDA) into PRS accommodation. The project comprises a number of elements:

- NIHE refer clients to project (all of whom are FDA status)
- Meet with clients to assess needs and affordability
- Provide budgeting and money management information and support
- Money provided for a deposit (which is paid back over 6-12 months)
- Money provided for rent in advance (which is also paid back)
- Provide access to low cost furniture / social supermarket
- Provide access to employment scheme / benefit advice

At time of writing the funding was in place for only two months and whilst a number of clients had been referred to the project, at time of writing only two successful tenancies had resulted from the project. However, the issues which staff had encountered in terms of getting their clients onto the project are very important points to raise.

Although the project does not aim to find suitable accommodation for their clients, they do liaise with local letting agents to let them know that they are supporting clients should they find suitable accommodation. This is an effort to mitigate the effect of clients being asked to provide a guarantor for their tenancy, which is an issue for their clients and is not something that the project would be able to do.

Perhaps the most difficult barrier for their clients is in finding affordable accommodation. In spite of affordability checks and budgeting support, many of those referred to the project would not be able to afford to rent the majority of PRS properties in the area. For the two clients who have been supported into PRS tenancies (both of whom are currently relying on benefits), the shortfall between their contractual rent and the amount of support they receive is between £160 and £200 per month. This means that whilst the project may be able to help with the upfront costs of getting into a PRS tenancy, there is the very strong likelihood that the tenancies will be difficult for their clients to maintain, given that so much of their other benefit support is going to pay for their rent.

In terms of being able to recruit clients onto the project, given the significant barrier of upfront costs, it could be assumed that the project would be of major benefit to

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<sup>24</sup> Whilst it is understood that a full evaluation of the Smartmove service was carried out, this was not made available for the purpose of this research and only a more general 'public' version was able to be accessed.

homeless people in the area. However, aside from the difficulty of maintaining a tenancy in the longer term, there are also other barriers. For example, clients who opt for the project are required to give up their place on the housing waiting list<sup>25</sup> and staff running the project have found that this is a major barrier to up-take. Clients are understandably reluctant to forego the possibility of getting access to social housing (in which they would have no shortfall to pay if they are in receipt of full housing support) in order to secure a tenancy which they may not be able to sustain in the long run and which may result in them having to present as homeless again due to loss of their rented accommodation.

In addition, the lack of clarity regarding how much UC a client will be able to get is another major barrier. Project staff reported difficulties with getting information about how much a client will be entitled to before a tenancy commences as this will depend on the conclusion of the assessment by UC. This means that it is very difficult to source affordable accommodation because the amount of UC which will be available to support their housing costs is not clear in advance of the tenancy as a confirmation of a tenancy (and rent amount) is required in order for the assessment to be made. This means that, once the assessment is completed, clients may have to pay more out of their other benefit or employment income than they had anticipated and therefore their tenancy may be more unsustainable than they had expected.

Helping clients with complex needs is also a barrier as for example, sourcing ground floor accommodation for clients with disabilities or who are elderly is particularly difficult given the amount of support which they would receive to pay for their housing. Finding one bedroom properties was also a significant barrier for single homeless clients.

Whilst it is too early to tell if the tenancies which were secured were successful, the ability of the project to link clients in with a range of other supports available via Vineyard Compassion and other agencies in the area is a major advantage. However, their experience shows that providing deposits and rent in advance is really only addressing part of the problem, and that even when access to PRS properties has been secured, the ability to sustain tenancies is a continuing pressure for low income households.

#### **4.4 Social Lettings Agencies - GB**

These are not-for-profit lettings agents that support low-income or vulnerable tenants in the PRS. Research on SLAs in England (Archer et al, 2019) identified and assessed a range of SLAs. Around 99 such agencies were identified, managing around 5,500 properties, with 10 of the largest schemes managing over half of these properties. A large number of schemes managed fewer than 10 properties and half

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<sup>25</sup> This is a similar issue to that which affected Smartmove in that clients had to agree to be removed from the housing waiting list as a result of taking part in the scheme.

of the schemes began operating after 2010. The schemes were started by either local authorities, charities or housing associations, or a mixture of these working in partnership. Although not a substitute for wider systemic changes, the report concludes that this innovative sector has an important role to play in providing access to PRS properties which are affordable and sustainable for low income households. It should be noted that whilst the research identified these schemes as SLAs, many of the operators had not even heard of the term and few self-identified as SLAs. Funding for the schemes also included a range of sources, including funding from local authorities and the ownership of property assets and cross-subsidy from wider activities, including commercial lettings. The report looked in depth at 6 schemes which represented the different types of SLAs. All 6 were vital in terms of helping low-income or vulnerable groups to access accommodation which would not otherwise be available to them and to make rents more affordable. In addition, they had a minimum standard for the properties which they let and provided more stability for tenants wishing to stay in their accommodation, resulting in tenants feeling more settled and 'at home'. There were several benefits also identified for landlords, including guaranteed rents, more active property management and satisfaction that properties are being let ethically.

A key difference between social and commercial lettings agencies is that SLAs provide advice and support for people who are vulnerable in the PRS as well as tenancy sustainment support and aftercare (Evans, 2015). Archer et al (2019) provide a useful definition of SLAs as follows:

*SLAs are intermediaries between private landlords and low income or vulnerable tenants, taking on functions that are similar to lettings agents. SLAs have a social purpose and are financially sustainable (without direct local authority support). SLAs enable tenants to live in private rented accommodation that is better than they could secure through the open market in terms of affordability, security, stability, stock conditions and/or suitability to their needs.*

Furthermore, SLAs do not own properties, but act as intermediaries between landlords (who profit from the rents collected) and tenants. Although grant funding may be used in establishing the SLA the aim is for the SLA to be self-sufficient in the long term. Support provided includes (but is not limited to):

- Lower or more flexible rents (often at LHA rates)
- Longer term tenancies (often 5 years)
- Access to support with deposits
- A range of additional support (including benefit advice, signposting to support services related to health, employment, money management)
- Intensive housing management and addressing antisocial behaviour (which was in some cases an important incentive to landlords to let to the tenants).

One of the potential options available which was aimed at providing self-sufficiency for SLAs was a social investment model. For example, one of the case studies in Archer et al (2019) relates to the conversion of an SLA to an investment trust model financed by social investors, including local authorities. Another SLA (Ethical Lettings Agency, Redcar) was seeking to provide properties for the SLA by forming a second

property-owning organisation which uses social investment to purchase properties which are then let and managed via the SLA. This is similar to the approach taken by Homes for Good in Scotland, Real Lettings (working with St Mungo's) and Extern Homes in Northern Ireland (see below).

In general, although the gap between LHA rates and market rents was seen as a major issue for landlords letting to tenants in receipt of HB/UC, small gaps were generally thought to be manageable and landlords saw the SLA model as providing a guaranteed income with 'hassle-free' management and tenancy support.

Crisis have argued that the term 'Social Letting Agency' may result in confusion with 'social housing' and prefer to use the term 'Local Letting Agencies'. Crisis have produced a 'Local Lettings Good Practice Guide'<sup>26</sup> which provides detailed advice on how to set up and operate local letting agencies.

#### *4.4.1 Homes for Good, Scotland*

Homes for Good is an innovative social enterprise letting agency in Scotland (the first of its kind in the UK), which aims to expand throughout the UK. The enterprise is based in Glasgow and aims to support low income tenants into PRS accommodation. Founder Susan Aktemel started the enterprise (which is a Community Interest Company) as a way to counteract the effects of barriers to low income households accessing the PRS in Scotland (where 7 out of 10 low income applicants were rejected from gaining access to PRS properties because of claiming housing benefit). The organisation aims to increase access to good quality homes for people on low incomes and to ensure that people have homes they can make a life in. They also aim to create a profitable social business group which has a long life and as such, the enterprise initially partnered with Homes for Good Investment Ltd, which is an investment company aiming to build a property portfolio which is established to operate in parallel with the social letting agency. It is also now part of a Homes For Good (HFG) Social Business Group, which includes HFG Investment Ltd., HFG Property Care and HFG Factoring.

The organisation operates across all areas of the market, which includes higher value properties which are profitable, the income from which is used to sustain their lettings to lower income households.

The model has two primary means of providing properties for low income households: letting and managing properties owned by landlords and letting and managing properties owned by Homes for Good Investments. The first model, (properties which are owned by landlords) is financed primarily by charging landlords agency fees and has also benefited from some start-up funding. In the second model, properties are purchased and renovated via the HFG investment company and these are then let and managed by Homes for Good. Funding for this comes primarily from borrowing and investments. The investment company has secured funding through the Charity Bank and venture capital funds (Evans, 2015) including Big Capital Society and SASC (Social and Sustainable Capital). In 2014 the

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<sup>26</sup> [https://www.crisis.org.uk/media/236935/local\\_lettings\\_agency\\_guide.pdf](https://www.crisis.org.uk/media/236935/local_lettings_agency_guide.pdf)

organisation provided homes for 50 households, and this had increased to 400 households by 2018, with the aim of providing 1,000 tenancies within the next 5 years.

Homes for Good work with prospective tenants to ensure income maximisation and benefit checking prior to taking up a tenancy as well as ensuring that tenants are aware of their rights and responsibilities. They have dedicated tenancy support workers who establish a relationship with the tenants and provide continuous support throughout the tenancy. As well as providing a tenancy, the enterprise provides initial support for moving in. Perhaps what sets Homes For Good apart from other SLAs is their tenancy support approach which values kindness and positivity. They operate their social lettings in a flexible, person-centred way and stress that relationships and trust built up with their tenants are central to their work. In this way, the level of support varies depending on the needs of their tenants. They also partner with other support organisations in order to increase their impact on sustaining tenancies.

#### *4.4.2 Other Social Letting Type Activity, Scotland*

Other SLA-type activity in Scotland is undertaken by third sector organisations. Evans (2015) provides two examples of organisations working with homeless and vulnerable clients to enable them to access the PRS (Crisis and The Action Group). Support provided includes negotiating access to PRS tenancies (providing a bridge between letting agents / landlords and supporting clients to sustain their tenancies). Support also includes deposit schemes and help for rent in advance, welfare and benefits advice and liaison between the tenants and statutory agencies to help sustain tenancies. Crisis Housing Coaches provide one to one sessions to prepare tenants for living independently in the PRS and offer a 12 week 'renting ready' accredited course for tenants. Whilst clients are expected to find properties themselves, support for this is provided. The Housing Coach will then work with the tenant to get the information requirements, documentation and finance in place quickly in order to help secure the property. In addition, Crisis provide a rent deposit guarantee scheme or bond, with tenants being encouraged to save to convert the bond into a real deposit (which can act as a deposit for future moves). The project works directly with landlords and letting agents to encourage interest in letting to Crisis clients and acting as an intermediary in the early stages of the tenancy. Support continues for up to 6 months and the Housing Coach make referrals if further support is needed.

The Action Group provides housing and support services to people with a learning disability and as of 2015 was providing support for 108 tenants (Evans, 2015), providing support for finding accommodation as well as on-going tenancy support services. The project is still running and provides a very high rate of tenancy sustainment.

In addition, some registered social landlords in Scotland offer middle to lower income households letting agency and property management services, making use of the skills and resources of the wider RSL organisation in providing commercial letting



agent services, including the provision of advice and support around income maximisation and fuel poverty advice.

#### **4.5 'Social Letting Agency' NI: Extern Homes**

Whilst Homes For Good may expand to include NI, at present the only organisation operating something like the Homes for Good Investment model is Extern Homes, which currently owns 10 properties in and around Belfast<sup>27</sup>. Whilst not strictly speaking a 'social letting agency', Extern Homes also represents the closest analogue to an SLA in NI. All of the properties are offered to rent to homeless individuals and families who are currently living in homeless hostels. The project uses a managing agent (Rea Estates) and offers tenancies of 2 years (with a rolling month to month tenancy after that if required) during which time the tenants are provided with a wide range of support. The aim of the project is for the tenant to be ready to rent a property of their own at the end of their two year tenancy<sup>28</sup>. The properties are all offered at the LHA rate with no deposit or rent in advance required to be paid by tenants. In addition, tenants are provided with wraparound services, including welfare advice and training for employment via the Extern Works Programme. In return, tenants have an obligation to look after the house and cause 'no nuisance or disturbance in the area' (from project booklet) as well as managing their utility bills and reporting repairs.

In terms of tenancy sustainment, the project relies on the Homelessness Prevention Forum<sup>29</sup> in regard to the provision of floating support for tenants and a range of advice services including welfare advice and training (e.g. 'Independent Living' training). The project recognises the importance of early intervention and support for tenants at risk of homelessness, rather than delaying support and risking the need for crisis interventions. So far there have been 16 tenancies, with 8 tenants moving on to other tenancies (7 in NIHE properties and 1 in a PRS property).

Although technically these are PRS homes, there are a number of important differences with for-profit PRS schemes and SLAs, most notably that clients do not

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<sup>27</sup> The project was made possible by borrowing funds from the Charity Bank (UK wide lender) for the purchase of 10 PRS properties – although Extern had to provide the deposits (LTV of around 70%, so quite a sizeable investment on the part of Extern). Properties are provided on a not-for-profit basis.

<sup>28</sup> It is expected that most of the tenants will go on to rent in the social sector and their tenancy with Extern Homes does not preclude them from maintaining their place on the housing waiting list.

<sup>29</sup> The Homelessness Prevention Forum is an informal network of 17 support organisations which work with the clients in particular areas of expertise, depending on the type of organisation and type of support provided.

have to pay either a deposit or rent in advance. All of the homes are partially furnished (with support to help tenants to get additional furnishings)<sup>30</sup>.

The project also provides a pilot scheme centred around encouraging savings (currently only available in North Belfast) – the ‘Matched Savings Scheme’ is a partnership between Extern, Newington Housing Association and Newington Credit Union. Tenants are encouraged to save (usually a target of around £2 per week) and after a period of 6 months, whatever they have saved is matched by the project. This is a way to encourage saving, but also provides the means to pay for replacing household items, which is often a source of increased borrowing for low income households.

#### **4.6 Other Support for Accessing and Sustaining PRS Tenancies - GB**

##### *4.6.1 Training*

Crisis offer a ‘Renting Ready’ course. The course helps clients understand how to find a rented home and provides comprehensive learning around vital tenancy management skills. It covers housing options, rights and responsibilities, living on a limited budget, looking after a property and managing relationships with landlords and house mates. On completion of the course, each learner will receive a copy of the Renting Ready book for future reference.

##### *4.6.2 Mediation / Dispute Resolution*

Many of the issues which arise between tenants and landlords which lead to eviction or ending a tenancy, could be avoided by access to a mediation service and many are only able to access redress and resolve disputes via courts or tribunals (Harris, 2019). Whilst England, Scotland and Wales have implemented less formal tribunal systems<sup>31</sup>, Northern Ireland has no such system in place<sup>32</sup>. Although the Property Ombudsman in NI (TPOS)<sup>33</sup> deals with complaints about estate agents, there is no requirement for estate agents or letting agents to be members of the TPOS and it will only investigate cases against agencies that are members. Harris provides a critical review of the role and potential of alternative dispute resolution approaches in

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<sup>30</sup>The project also provides a ‘welcome pack’ for tenants, including basic foodstuffs and cleaning equipment etc.

<sup>31</sup> Over the last 30 years, dispute resolution in England has shifted to specialist Tribunals which are designed to be less formal than court hearings and aim to be more accessible for claimants without legal representation. However, qualitative research findings suggest that landlords and tenants still find these daunting and court-like (Harris, 2019). In addition, landlords more frequently access paid representation even in Tribunals.

<sup>32</sup> Options for PRS tenants and landlords in NI (for disputes other than those over protected deposits) include approaching the local council for assistance (Environmental Health) or to submit a claim at the small claims court, which only covers claims of under £3,000. In contrast to Scotland and England, there are no tribunals or housing panels that provide dispute resolution via more informal proceedings (Harris, 2019).

<sup>33</sup> The Northern Ireland Ombudsman deals with complaints against registered social housing providers only and unlike in England and Wales, there is no option for PRS landlords to join these schemes on a voluntary basis (Harris, 2019).

addressing landlord and tenant disputes in the PRS in the UK. Harris found a distinct lack of free or low-cost mediation services, and found that mediation is generally only offered at the point where relationships have already broken down. Her evidence suggests that mediation can provide a quicker, cheaper and less stressful way of resolving disputes in appropriate circumstances. At time of writing, Housing Rights is the only provider of mediation services for PRS tenants, via a pilot project funded by the DFC<sup>34</sup>.

#### **4.7: Current Support Available for Low Income Tenants in the Social Sector**

##### *4.7.1 Support available for social tenants in NI*

In order to provide a comparison with the type of support available for low income and benefit dependent households and individuals in the social sector in NI, social housing practitioners were invited to give their views on both existing support for social tenants and what schemes or innovations they thought might work in the PRS via Practitioner sessions with NIHE staff.

All of the practitioners pointed to the support available through NIHE Patch Managers who will engage with tenants to resolve issues as well as signposting to other support services. Patch Managers will also help tenants with benefit checks and claims as well as providing support for financial capability assessments during regular visits with tenants. In addition, all of the practitioners pointed out that NIHE tenants are able to avail of early tenancy counselling visits by tenancy sustainment officers and can get support from their Housing Advisers. NIHE will identify support needs for new tenants and can refer new and existing tenants to a wide range of floating support services. Tenants are also helped via the mediation service which is part of the Housing Solutions and Support service within NIHE.

In terms of accessing accommodation, practitioners talked about the starter packs which are provided for new tenants which include basic household items for people who are homeless and moving to a social tenancy. For many prospective tenants work will begin in hostels, working with homeless households and individuals to help them to become tenancy ready. In addition, the links which social housing providers have with various local charities means that new tenants in need can also get access to furniture and other household items at low or no cost as well as getting access to schemes for upcycling furniture (e.g. CFM in Dungannon).

Perhaps the most important difference for social tenants is the affordability of social housing and the fact that for tenants in receipt of full support for their housing costs, their full rent is covered in most cases. This makes sustaining tenancies much easier from a financial point of view. Furthermore, even for those households who have

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<sup>34</sup> Distinct from a mediation service, disputes which arise in relation to tenancy deposits which are protected by TDS NI, can be resolved via the service's adjudication service.

been affected by the Social Sector Size Criteria ('bedroom tax'), the existence of mitigation payments means that most of them are not aware that they would be paying a good deal more for their rent if the mitigations did not exist.

Whilst there is a deposit to pay when accessing a social tenancy, this is low compared to those in the PRS. Tenants will be assisted to identify and tackle their debts as well as being able to avail of debt advice, benefit checks and financial capability assessments. In addition, for those prospective tenants who rely on benefits, they will be helped to sort out their rent and rates (including making any additional claims) when they sign up for their accommodation and the wait for a UC assessment is not going to result in the threat of eviction.

A major benefit for social tenants is also in terms of the regulations around conditions of social housing which mean that the properties are maintained to a higher standard than many of those which they could afford in the PRS. Many of the practitioners pointed to the repairs and 24 hour maintenance service for NIHE tenants as well as schemes for upgrading properties (including providing new kitchens, bathrooms, heating systems etc.). In addition, NIHE provides adaptations aimed at helping tenants to remain in their properties, including the Dementia Friendly Homes Initiative. Other initiatives such as community networks, neighbourhood wardens and mediation services aimed at tackling anti-social behaviour were highlighted as contributing to tenancy sustainment for NIHE tenants.

#### *4.7.2 Trial of 'flexible rent' scheme for social tenants in England*

A 'Supported Flexible Rent' (Rent Flex) was trialled by Amicus Horizon housing association (now part of Optivo Housing) in England from 2017-2018. The scheme was designed and delivered by the Centre for Responsible Credit (CFRC) and supported by the Money Advice Service. The pilot project recruited almost 300 households which fell into the following categories:

- Low income but not on full housing benefit
- Households with children
- Households with current arrears or having had arrears over the past 12 months

Participant households had to agree to participate in the Money Matters service and undertake annual budgeting exercise which was aimed at determining the months when they were most likely to experience payment pressures. The initial evaluation of the scheme was encouraging (Gibbons, 2018), with the majority of the participating households who completed a full year of the scheme paying off their arrears in addition to managing their contractual rents. For those households whose arrears increased, it was found that this was due to changing circumstances. Further trials are underway which aim to include 1,000 social tenants over the next two years according to the Centre for Responsible Credit.

## **4.8 Other support available for low income households**

### *4.8.1 Access to affordable credit*

Recognising that much of the experience of accessing and sustaining tenancies centres around affordability issues, the need for affordable credit options should be considered. As outlined in Section 2.4, low income households have been found to pay more for their credit, making finding affordable credit options very difficult and adding to the pressure on already squeezed household incomes. In addition, given that households prioritised their rent over other household payments, it is important to recognise that the pathway into over-indebtedness is impacted by the pressure of finding and keeping a roof over one's head.

Credit unions have long been associated with engaging with the low-income market, with the movement itself arising from a growing need for access to savings and credit in the 1960s for people from working class backgrounds in NI. However, unlike banks (which are private companies), Credit unions are responsible to their members (who are the individuals who save and borrow) in terms of the need for fiduciary responsibility. This means that there is a responsibility on the individual Credit Union to its own members, to be very careful with the money that they are entrusted with in the form of savings from their members and also how this is lent out to their members. Credit Unions work in a very different way to banks in this regard. This means that taking a greater risk of default in terms of lending to riskier borrowers, is not something that Credit Unions will necessarily be able to undertake, even if the will was there to do so. Much of the literature in the UK which concerns ways to challenge financial exclusion, relies heavily on the increased use of Credit Unions. Primarily this is because Credit Unions tend to make smaller loans, for example, in 2013 three quarters of all Credit Union loans in NI were for under £1,000 and 60% were for under £500 (Jones, 2013). Credit Unions also are able to have more flexibility regarding repayment schedules and they have indeed been endeavouring to make loans to individuals who are affected by high cost credit, enabling them to pay off their debts using a loan from the Credit Union. This has been particularly effective in Northern Ireland (FT 2018), with some credit unions partnering with Housing Associations to provide budgeting loans for tenants. Credit union loans are traditionally provided at 12% APR.

Community Development Finance Institutions (CDFIs) is an umbrella term for organisations which provide credit to consumers, social enterprises and small companies that would otherwise struggle to access finance from mainstream lenders. Examples include Scotcash, Moneyline, Fair Finance and Creditspring (these companies are largely GB based, but also provide loans to households in NI). It should be noted however, that the interest rates charged are still very high in comparison to mainstream credit from banks and building societies (including credit card interest rates), ranging from 80% to 270% APR. Other non-cash options include Fair For You which is a non-profit organisation providing flexible and affordable loans for household items with an interest rate of around 50% APR.

#### ***4.9 International approaches to housing low income households in the PRS***

Housing systems vary significantly across countries, although it is true to say that the private sector is growing in many countries, including those which once had large social housing sectors such as Finland (Ruonvaara, 2017). Even countries which had adequate housing supply up to the 1990s (such as Sweden) and therefore few issues with access to affordable private rented housing, are now experiencing a 'housing crisis' (Lind, 2017). However, because of the differences in how housing costs are supported across countries (and even within countries), it is difficult to assess the types of support mechanisms for accessing and sustaining tenancies in the PRS in particular.

Martin et al (2016) provide a comparative analysis of private rented housing across 10 international settings, including UK, Ireland, Australia and Germany. They note that some of the previous comparative studies focus on the relationship between the private and social housing sectors, with subsidy programmes in Australia and Ireland for example, somewhat blurring the lines between the sectors. In these two examples, private landlords have effectively been brought into what they refer to as a 'semi-social' sector (Hulse, et al, 2010; Blessing, 2016) by the provision of support for housing costs. In most of the countries they considered for their research, Martin et al point out that the PRS varied in size, with the UK being on the lower end of the scale with around 18% of households living in the PRS and Germany at the opposite end with a very small social sector and over half of all households living in the PRS. However, there were major differences between countries in terms of the level of regulation over the sector, with Germany having a very tightly controlled PRS which is geared towards protection and rights for private renters and the UK among those countries with the most lax regulations. One of the countries they explored in their research was Canada, however, they note that regulations regarding the PRS varied between and even within the 13 Provinces, with a very different experience for PRS tenants depending on location. Whilst this makes any international comparison of efforts to help tenants to access and sustain tenancies difficult (if not futile), one notable Canadian scheme is considered below.

The City of Toronto provides a Housing Help Centre which is a central resource for housing information and advice. The City also provides a 'Housing Stabilization Fund' which provides money for emergency housing needs and interest free loans for low income households facing eviction. The maximum loan is equivalent to two month's rent. Loans are provided via their 'Tenant Rent Bank' which also offers interest free loans for deposits and final rental payments, which are aimed at helping low income tenants to move from unsuitable or unaffordable accommodation into more suitable and affordable properties.

## Section 5: What might work?

It is perhaps important to stress at the outset that there is no definitive 'one size fits all' solution to providing housing for low income households in the PRS and that different household types may require very different levels and types of support. In addition, many of the issues facing low income tenants are systemic issues which would not easily be affected by the provision of specific services (e.g. issues such as the availability of affordable accommodation which is of good quality particularly in areas of high demand). However, it is clear that current support is insufficient and as such, what is included below are elements of what could be included in potential support services for low income households in terms of accessing and sustaining tenancies in the PRS.

It is clear that tenants and advisers as well as key stakeholders have an important contribution to make which will add to the discussion of what services and schemes could be introduced to help low income tenants to access and sustain tenancies in the PRS. With that in mind, the following points have emerged from the research and are presented here as recommendations for what might work in NI.

### **5.1 Help for accessing PRS accommodation**

#### *5.1.1 Deposits and Rent in Advance*

Housing Rights Advisers, NIHE practitioners and interviewees all identified the need for some form of help with deposits and rent in advance as a means to tackle the barriers to accessing accommodation in the PRS. Suggestions included statutory provision of grants for deposits, including a deposit matching scheme (where tenants would pay half the deposit and statutory funding would cover the other half). Similarly, the provision of interest-free loans for deposits and rent in advance were proposed, either provided by statutory funding or via partnerships with Credit Unions (in this case, the provision of low interest loans was suggested).

#### *5.1.2 Starter packs / tenancy information packs*

It was also suggested that small starter packs could be provided to new PRS tenants similar to those which are provided for new social tenants. These could include small appliances, kitchen equipment and cleaning supplies. Whilst some PRS properties are advertised as 'furnished', often these have only basic furnishings and many new tenants may be financially overwhelmed by the need to supply all of the necessary small appliances and other essentials for their new rental property. It was also suggested that such a pack could include information leaflets on benefits, charitable organisations which could help with accessing furniture and other household essentials and information on debt advice and how to access to fair / low cost credit. For example, DfC proposals regarding the PRS include the provision of a tenant information pack and it would therefore be important that any such pack should include this information at a minimum.

### *5.1.3 Dedicated website and vetting for low cost PRS properties*

Other suggestions for prospective PRS tenants included the provision of a dedicated property finder website or app, which would help low income households and those relying on benefits to find properties which were within budget and where landlords were willing to let to such households. However, it is essential that any such dedicated website would have to be fit for purpose, in that properties listed should be affordable and of good quality. It is important to note that in this regard, the **supply** of affordable properties, particularly in high demand areas is of major concern (see section 5.1.4).

Whilst property-search websites currently exist (such as Propertypal and Property News), a major distinction with such a service would be in terms of 'vetting' of properties listed. Active vetting of properties (e.g. by a social lettings agency) was suggested as a way to help low income households to access affordable properties which were of a decent standard (e.g. with adequate heating / insulation which would make the property more affordable, which is particularly important given the prevalence of fuel poverty among low income households) and were properties belonging to landlords who were willing and able to let to low income tenants and those on benefits.

### *5.1.4 Incentives for landlords to improve properties to let to low income households*

Keeping with the theme of improved standards in the PRS, the provision of grants for improvements and renovations (including improved heating and insulation) was suggested. In order to encourage landlords to let these properties to low income or benefit dependent households, it was suggested that grants could be made available to landlords on the condition that they let the property to such households for a specified period of time (it was suggested that this could be done via a social lettings agency). It was also suggested that landlords who were willing to let to low income households (via a social lettings agency) could be made entitled to some form of tax rebate, or other financial incentive.

### *5.1.5 Improving standards in PRS properties*

Suggestions regarding improving the standard of PRS properties included a mandatory 'MOT' type inspection for PRS properties on an annual or biannual basis. Landlords would be restricted in letting properties until they passed such a test.

Landlord licensing is perhaps a much better potential solution and has been shown to drive up property standards in areas of GB where this is in force. Whilst each Local Government District in GB has its own standards to which all properties must reach in order for the landlord to be licensed to let the property, licensing often includes the following requirements:

- A valid gas safety certificate, if gas is supplied to the house
- Electrical appliances and furniture (supplied under the tenancy) must be in safe condition
- Smoke alarms must be in proper working order



- The tenant must be supplied with a written statement of the terms of occupation
- References must be demanded from persons wishing to occupy the house

Landlord licensing is already in operation in NI for Houses in Multiple Occupation (HMOs) and includes most of the above. In addition, the landlord must be deemed a 'fit and proper person' and this requirement would fulfil one of the suggestions by the majority of those who took part in focus groups and workshops, namely that there should be penalties or fines in place in order to deter 'rogue' landlords.

HMO licensing includes requirements regarding the standard of the property which a landlord is seeking to rent. These include that the property should meet fire safety standards and other standards relating to natural/artificial lighting, washing/toilet facilities and cooking facilities. Extending such licensing to include all PRS properties may be a more appropriate potential solution to driving up standards in the PRS than instituting a new format of standardisation, such as a property 'MOT'.

#### *5.1.6 Dedicated housing hub for low income tenants*

Several suggestions related to the provision of a housing hub or other type of central location where low income households could get access to web-searching (to source suitable pre-vetted accommodation) as well as advice on PRS tenancies. In addition, the provision of a 'speed-dating' service aimed at young renters who were looking to share accommodation was suggested by a few of the interviewees who had been affected by this issue. In particular it was suggested that such a PRS access service should have an element of specific help for foreign nationals to access suitable and affordable accommodation.

### **5.2 Help for Sustaining Tenancies**

Evidence from existing or past projects (such as the experience of Vineyard Compassion and Smartmove staff) show that these costs are only part of the problem with the PRS for low income households. Even if deposits, rent in advance and other access services are provided, there is no guarantee that a tenancy will succeed given the inadequacy of LHA rates against the majority of new tenancies (McAuley, 2019). The issue of on-going affordability was thought to be a major barrier by all of the interviewees as well as all of the advisers and practitioners.

#### *5.2.1 Increase support available to low income households*

In order to address the affordability issues in the PRS which hamper clients' efforts to find affordable accommodation given the level of support they receive and also impacts heavily on their ability to sustain their tenancy, the majority of advisers and practitioners suggested that LHA rates needed to be increased.

#### *5.2.2 Flexible rent accounts*

Recognising that rent payments are regular and unchanging, whereas household expenses frequently fluctuate with predictable patterns (e.g. around Christmas and summer holidays), it was suggested that flexi-rent accounts could be introduced, which would help to smooth out fluctuating expenditure over the course of a year similar to those outlined in Section 5.2. This could be achieved by a scheme which effectively paid the rent on a PRS property for one year and then the tenant paid their rent to the scheme in varying amounts over the course of the year. At the end of the year the rent paid and rent received accounts would be reconciled via the scheme.

### *5.2.3 Regulation of PRS rental costs and security of tenure*

The flip side of these suggestions were ones which pointed to the need for regulation of housing costs, particularly at the lower end of the private rental market, and that these rents should better reflect the condition of properties. The majority of the suggestions from practitioners and advisers related to increased regulation of the PRS particularly as it relates to affordability (and condition) of properties at the lower end of the market as well as providing security of tenure (longer tenancies). However, bearing in mind that some PRS tenants will be on the waiting list for social tenancies, a few of the participants in the research highlighted the need for PRS tenants to be able to be released from their tenancies in order to avail of a social tenancy should one be presented to them during the period of their PRS tenancy.

## **5.3 Other suggested support for low income tenants**

### *5.3.1 Access to affordable credit*

The provision of affordable credit was highlighted as something which would help in **both** accessing and sustaining tenancies in the PRS. Affordable credit options which currently exist and could be extended to NI were highlighted in Section 4.9.1. The financial strain of accessing accommodation was highlighted by a number of interviewees and advisers stressed the importance of helping clients to access sources of financial help for the upfront costs of accessing PRS accommodation. In terms of sustaining tenancies, advisers also suggested that access to affordable budgeting loans which would help to spread the cost of one-off payments (including replacing household items) would help their clients to sustain their tenancies by helping to avoid rent arrears.

### *5.3.2 Standard tenancy agreements*

Several suggestions related to the provision of standard tenancy agreements which were written in plain language could be set by a statutory or third sector organisation and which could be used as a basic tenancy agreement which landlords could use and which could be easily translated. This is in recognition of the fact that many landlords in NI have only one or two properties and may benefit from a standard tenancy agreement which is specific to legislation which applies in NI. Advisers reported that many of their clients were presented with tenancy agreements which related to legislation which existed in other parts of the UK but were not applicable in NI. In addition, several of the advisers suggested the need for compulsory training

for landlords and estate agents, letting agents and property managers so that they are well-informed regarding the existing legislation relating to the PRS in NI.

### *5.3.3 Access to mediation service*

Other suggestions relating to services aimed at tenancy sustainment confirmed the need for a free mediation service (which is currently being piloted by Housing Rights), recognising that tenants may not want to engage in formal litigation or may be reluctant to approach the Environmental Health Officer.

In addition, there were several suggestions relating to the provision of low or no-cost practical support such as:

- home and garden maintenance and appliance repair
- the provision of housing coaches or dedicated 'patch managers' for tenancies which are made via a social lettings agency, providing access to floating support and other existing services
- pre-tenancy training
- advice and guidance specifically for young people (Housing Rights new Young Persons project was highlighted as evidence of good practice)
- Advice and guidance specifically for foreign nationals

## **Appendix 1: Sources of Research**

### Desk-based research

- Review of relevant literature both academic and grey literature
- Online search for relevant PRS schemes – UK and international

### Focus Groups with Housing Rights Advisers and Caseworkers

### Workshop at Housing Rights PRS conference 2019

### Interviews with Housing Rights PRS clients (see detailed information below)

### Interviews with representatives of Smartmove, Extern Homes and Vineyard Compassion

### Stakeholder Engagement Sessions (two) with NIHE staff from all over NI

## Appendix 2: Demographic profile of interviewees:

- All but two of the interviewees were either on low incomes (5 interviewees) or on benefits (6 interviewees and one on state pension). The other two were either below median wage (one interviewee) or just above median wage (one interviewee), but both of these were on insecure contracts.
- Males were somewhat under-represented (3 out of the 14 interviewees were male), but as gender was not a consideration in particular, this was not a target for the purposive sampling approach taken in the research.
- Six of the interviewees were living outside Belfast and the remainder were all Belfast based.
- Three of the interviewees were young PRS tenants (under 25) and one was an older client (pensioner).
- Five of the interviewees were single parents and there were three families (couples with children) represented in the sample. The remainder of the interviewees were living alone (3 interviewees) or with a partner (3 interviewees).
- One interviewee identified as LGBT and one interviewee was currently homeless and living in a hostel and another was living in NI as a foreign national.
- As per the purposive sampling approach, the respondents were identified as representative of particular cohorts of PRS tenants and Housing Rights clients as identified from Housing Rights case recording system.

## **Appendix 3: Interviewee Biographies (all names changed):**

Robyn is a young single parent who is currently on long term sick leave from work caused by poor mental health. She was paying her landlord in cash prior to her UC claim and her landlord had informed her that the house was being repossessed. She was currently waiting to hear whether or not she would be able to stay in the property with her young son.

Ruth is a single parent on benefits who had previously lived in NIHE accommodation, but had taken what turned out to be poor advice from friends to give up her social housing in order to be re-housed. This had not transpired and Ruth had to rent a house in the PRS which was damp and had a rat problem. She doubted that her landlord was registered and had difficulty understanding her tenancy agreement as she was dyslexic.

Joe is an older tenant (pension age) who had lived in the PRS for many years, some of the time with his brother. Although he had a good relationship with his landlord and had had a fairly good experience of living in the PRS, he had applied for social housing and at the time of the interview was very happy in a social tenancy. He said that there was no comparison between the two because where his PRS property was very cold and very difficult to heat, his social housing was warm and well insulated. He also felt that it was more 'like home'.

Michael is a young professional who was living in Scotland at the time of the interview, having left NI after renting a PRS property for a year. He had a very poor experience of renting in NI, finding it very difficult to find a decent property which was within his budget and had many repair issues throughout his tenancy.

Kathryn is a full-time mature student who lived with her husband, children and two of her siblings whom she cared for after her parents had passed away. Her siblings and one of her children had special needs and their previous PRS property (which they had lived in for 12 years) had been adapted (at their expense), however, the landlord had defaulted on his mortgage and the house had been repossessed. Kathryn and her family had had to move to a new PRS property which was less suitable.

Julia is a young single parent who was living in social housing at the time of the interview, having had to present as homeless after losing her PRS property when her marriage broke up. After her relationship breakdown, Julia had to apply for benefits to pay her rent and her landlord had refused to change the tenancy over to her alone.

Jade is a young LGBT woman who was living with her partner and employed on a zero hours contract. She experienced finding it very difficult to access accommodation because of her age and had a bad experience trying to claim UC on her fluctuating income. Jade and her partner also had pets which made it more difficult to find a PRS property which would allow pets.

Robert is a young man who had lived abroad for a while, but had returned to live and work in NI. He was in a shared house, but had sole access to his property (studio apartment?). He was paying what he considered to be reasonable rent, but had a very poor relationship with his landlord and felt that it really wasn't his own place at all. Robert aspired to own his own home eventually, but could not see how that would be possible on his current salary.

Chloe is a young single parent on benefits who had previously lived in particularly poor standard accommodation, with damp, mould and rat infestation. She was currently living in a better place and had a very good landlord, although she was paying a lot more for the flat. She had been on the waiting list for social housing for three years at the time of the interview.

Laura was a single parent on benefits who had been living in the same PRS property with her husband. When the relationship broke down, her estate agent had charged her £250 to change the tenancy agreement to her name only, which she needed to do in order to claim UC. However, she had a very good relationship with her landlord and he had changed the TA at no charge.

Alison was living with her husband and young children and they had previously owned a property in England but had rented a property when they moved to NI. They had moved frequently in the PRS, which had been difficult to manage with young children, because of the need to stay close to schools. She had previously had fairly good landlords but her current landlord was inexperienced. Her husband was currently out of work and they were just about managing to pay the rent and basic expenses on her income alone.

Maria was separated and had moved into PRS accommodation after her relationship breakdown. She had previously had a joint mortgage with her ex-husband but had been affected by the housing boom and bust and the house was eventually repossessed. Maria had been living in various PRS properties (as well as staying with her sister between tenancies) for the past 4 years. For the past year she had been living with her new partner, but he had become increasingly violent and the relationship broke down. Although she had initially left the property and presented as homeless, she managed to get back in to her property when it was clear that her ex-partner could not afford to keep the tenancy on himself.

Patricia is a young woman who had recently been released from prison at the time of the interview and was living with friends. She had experienced difficulties trying to access PRS accommodation even though she had been guaranteed help with her deposit and rent in advance. She had also experienced being turned down for tenancies because of her age (she is 29), although this was more likely to be because of her need to rely on LHA rate to pay for her rent as she was looking for a one-bedroom property.

Alexandria had been living in NI for 5 years and works for a voluntary organisation, helping foreign nationals to settle in NI. She lives with her partner and their children and works full-time as well as volunteering in her local community.





## Appendix 4: Methodology

The research consists of a literature review and broad outline of welfare reforms (including financial implications for government and for claimants) which will form the background to the research. This review focuses on the provision of support for social tenants as well as the availability of support for PRS tenants, providing a comparative review of support available for low income tenants in both tenures. Such an approach recognises that social landlords in NI have been adept at breaking the link between poverty and housing circumstances by providing services and support to low income tenants and that equivalent support provision may not be available for PRS tenants in similar circumstances.

Focus groups (n=4) with Housing Rights Advisers as well as semi-structured interviews (n=12) with clients of Housing Rights who have been affected by welfare reforms and who have experience of living in the PRS will form the main primary research for this project. Clients were selected in a purposive manner (in order to get a sample of clients which broadly reflect the experiences of HR clients in general). Building on research exploring the link between poverty and housing circumstances (JRF, 2013; Drew, 2018; MacFlynn and Wilson, 2018) as well as research exploring alternative credit options for low income households, the aim of the exploratory interviews is to assess how PRS tenants deal with their housing costs and other expenses and how they decide how best to use their limited resources. Specifically, the research explores what these tenants feel that they are lacking in terms of support and services which would help them to cope financially and avoid homelessness. To this end, the research assesses their use of credit and support services as well as exploring whether and how they prioritise spending on housing costs against other demands on their resources.

Semi-structured interviews are preferable for the research with tenants due to the potentially sensitive nature of the subject matter. In this regard, consideration is given to the potential for disclosure of financial and other information. Consent was sought from interviewees for their details to be used should they provide such financial information, and they will be assured of anonymity at all times throughout the research. To this end, whilst selections of transcripts of interviews were used in the final research report, every effort was taken to ensure anonymity and to ensure that no information was included which could potentially identify research participants. Written consent was sought from all research participants and where this was not possible, oral consent was sought (via tape-recorded interviews). Participants were made aware that they could withdraw from the research at any time.

Data analysis consisted of a thematic analysis of the transcripts of focus groups and interviews, aided by the qualitative data research software, MaxQDA. The analysed data was drawn together to create the narrative, using extracts from various interviews both illustratively and analytically (Braun et al., 2014).

Two stakeholder meetings took place with NIHE staff from all over NI which explored the implications of the initial findings and participants were invited to discuss the potential for service delivery.

## **Appendix 5: Housing Rights Annual PRS Conference 2019 – workshop participation**

In addition to the focus groups, interviews and practitioner sessions, attendees at the Housing Rights' annual PRS conference in November 2019 were invited to contribute their thoughts on barriers to accessing and sustaining tenancies as well as contribute ideas for what they thought might work to address these. This was done by means of inviting workshop attendees (around 25 individuals from various organisations) to write their contributions on 'sticky notes' which they placed on posters located around the room. This allowed for freedom of ideas in that no individual contribution could be attributed to an individual participant and around 65 'sticky notes' were contributed and analysed, using the same thematic schema. Two thirds (n=43) of the suggestions related to financial barriers and potential solutions to accessing and sustaining tenancies. Of these, 19 contributions related to accessing PRS accommodation, the majority of which related to help for deposits (n=15) and also rent guarantee schemes as well as greater availability of affordable credit and the development of housing clinics aimed at low income households trying to access PRS accommodation. The other 24 contributions related to suggestions for overcoming barriers to sustaining tenancies, including calls for rent control related to conditions of properties (n=5) and around a third of the contributions calling for raising the LHA rate to make the PRS a more affordable option for low income households (n=6). The remainder of the suggestions (n=13) focused on the provision of financial advice and support for low income households living in the PRS, including financial capability training and suggestions for a social lettings model for affordable housing.

The remainder of the suggestions included provision of mediation service, regulation of lettings agents, 'speed-dating' for house sharing, property 'MOT' to drive improvements in standards and increasing the regulation of the PRS in general.

## Appendix 6: Information Sheet for Participants

### **Name of research project**

Preventing Homelessness and Sustaining Tenancies in the Private Rented Sector: a scoping project to inform innovation in future service delivery.

### **Name of researcher**

Dr Martina McAuley, Research and Evaluation Officer, Housing Rights

### **Contact details**

Email: [martina@housingrights.org.uk](mailto:martina@housingrights.org.uk)

Telephone: 028 9024 5640

### **About this Research**

This research has been designed to inform innovation in future service delivery for private tenants who are experiencing difficulties in accessing and maintaining tenancies. The project seeks to understand the level and type of practical support which private tenants require to access private rentals and to sustain their tenancy. It is anticipated that the project will make recommendations which could directly support service delivery in the area of tenancy access and sustainment.

### **The purpose of participating in the research**

The main stage of the research will involve interviews with private tenants who have contacted Housing Rights for advice and support and as such, you have been invited to take part in a short interview to talk about your experiences of living in the private rented sector. The interview should last no longer than one hour. No prior knowledge of housing issues is necessary, as the interview will focus on your own experiences. *Your involvement in the research is entirely voluntary and you may withdraw from the study or stop the interview at any point.* On completion, the full study will be made available to you if requested. It is vital that private tenant voices are heard in this research and as such, your participation is greatly appreciated.

### **Audio recording of interviews**

In order to provide an accurate reflection of our conversation, it would be very helpful if the interview could be recorded. The recording is used for transcription only and will be destroyed after transcription. Only the researcher will have access to the recording. This is optional and if you do not wish the interview to be recorded, written notes can be taken instead. It is preferable to have a recording of the interview however, as this enables the discussion to flow more naturally and ensures the accuracy of what is said, rather than relying on notes or memory.

### **Informed consent**

Any questions you may have regarding any part of the research will be answered. If you require further information regarding any of the above, please do not hesitate to contact either myself, or Kate McCauley, Housing Rights Policy and Practice Manager ([kate@housingrights.org.uk](mailto:kate@housingrights.org.uk)).

If you are agreeable to participating in the research, please complete the 'consent form' provided.

***I would like to take this opportunity to thank you for being part of this project.***

## Appendix 7: Consent Form for Participants

**Name of research project: Preventing Homelessness and Sustaining Tenancies in the Private Rented Sector: a scoping project to inform innovation in future service delivery.**

Researcher: Dr Martina McAuley, Housing Rights

Telephone: 028 9024 5640

Email:

[martina@housingrights.org.uk](mailto:martina@housingrights.org.uk)

|   |   |
|---|---|
|   | ✓ |
| I confirm that I have read and understand the research information sheet for the above study.   |   |
| I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason.  |   |
| I understand that any data or information used in any publications which arise from this study will be anonymous and that I will not be identified in any publications. |   |
| I understand that all data will be stored securely, safely and in accordance with General Data Protection Regulations (GDPR).   |   |
| I agree to my interview being audio-recorded for the purpose of transcribing only.  |   |
| I understand that recordings will be deleted after transcription.   |   |
| I consent to participating in this study.   |   |

Name .....

Signature .....

Date .....

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