



# The Implications of Covid-19 on Housing

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# Outline

- 3 broad implications of Covid-19 on housing
- Economic implications, response and current issues
- Health and well-being implications
- Housing requirements, home and security
- Current challenges in housing and implications for the future

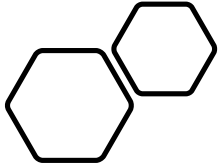
# Implications of Covid-19 on Housing

- Economic
  - Job losses and redundancies: Impact of the end of furlough scheme?
  - Increase in Universal Credit claimants
  - Long-term housing affordability: Increase in debt, reduction in household savings
  - Future house prices: Stamp Duty cut & potential negative equity?
- Health & well-being
  - Lock-down and mental health, but also increased exposure to poor quality properties
  - Pandemic exacerbating existing issues
- Housing requirements, “home”, & security of tenure
  - Space and housing requirements: greater home working
  - Access to green spaces & communities: changes in demand for types of city centre properties
  - Security of tenure: ‘no fault’ evictions and increased protection

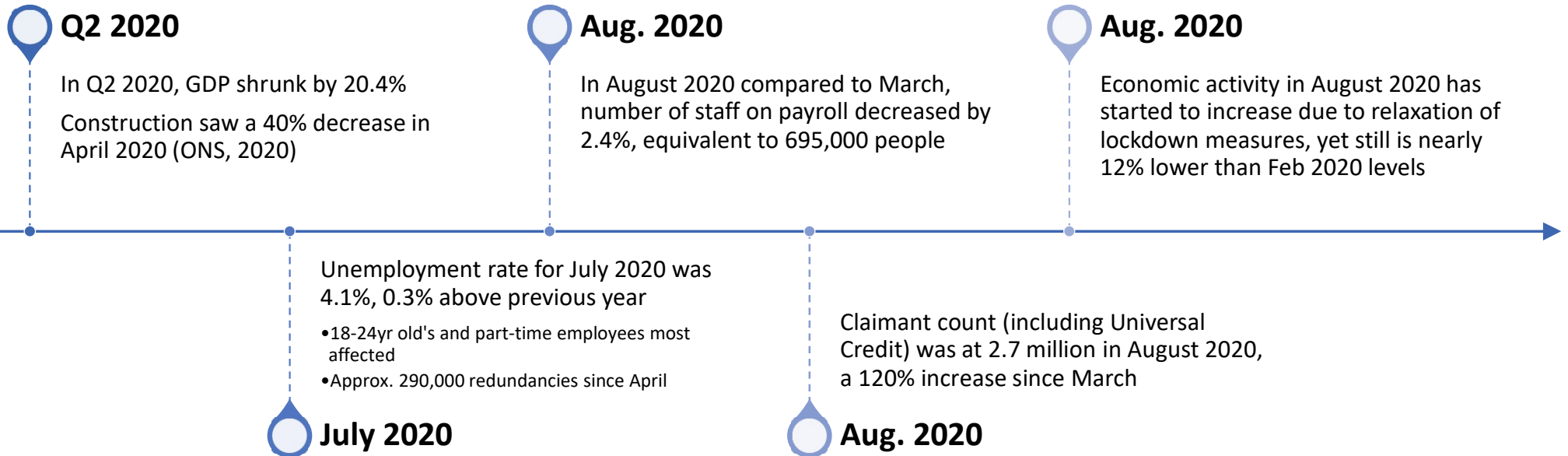


# Economic Implications





# Economic effects of Covid-19



# How has the Government responded?

- UK Government has introduced significant measures to protect businesses and households from the decline in economic activity due to lock down and social distancing measures
- Furlough and self-employed payments – Government has provided financial support to businesses to underwrite majority of employment costs with this being phased out. These schemes have been essential to protecting household finances, however, some may have faced a reduction by 20% of their income
- Protection from eviction – commercial and residential landlords unable to evict, with residential landlords able to start court proceedings from 21<sup>st</sup> September. Governments across Wales, Scotland and England have now introduced 6-month notice periods (with some exemptions)
- To kick start housing market – removal of Stamp Duty Land Tax until 31<sup>st</sup> March 2021
- Mortgage holidays for landlords and home-owners to defer mortgage payments until end of mortgage term

# Implications for House Prices

- Depends! How fast does the economy 'bounce' back? Are further lockdown measures introduced? Is there further economic decline?
- Cheshire & Hilber (2020) argue that in the short/medium-term prices will fall yet will remain unaffordable for younger generations and those on lower incomes. With three key potential things to consider:
  - How far will lenders be able to minimize number of forced sales?
  - To what extent will household's income be affected and for how long?
  - To what extent will real incomes fall and for how long?
- Cheshire & Hilber (2020) argue that house price 'recovery' in medium/long-term is dependent on economic recovery. For example, it took till 1945 for real house prices to get back to 1931 levels following Great Depression.

# Case Study: the PRS

- Emerging evidence that those most affected by the Covid-19 economic recession are living in the private rented sector
- [Health Foundation](#) analysis identified that those working in sectors that were shut down during lockdown (such as leisure facilities, hospitality, and the Arts) were more likely than other workers to privately rent
- In May 2020, Step Change estimate that 590,000 in the UK had fallen behind on housing payments
- Resolution Foundation identified 1-in-8 private renters and 1-in-6 social renters had fallen into housing cost arrears
- Shelter found in June 2020 that 227,000 private renters had fallen behind on their rental payments since the start of the pandemic
- NRLA in August found that 13% of private renters had not been able to pay their full rent, equivalent to 585,000 households



# Case Study: the PRS

- Governments across UK had initially banned evictions, with the courts re-opening on the 21<sup>st</sup> September. Landlords must now provide 6-months notice before starting eviction proceedings with the court
  - Cross-sector recognition that courts will take time to process evictions, with new golden rules, re-activation notice and pre-action protocol
  - Landlords must provide information on affect of Covid-19 on renters to the court
  - Courts will prioritize anti-social behavior, domestic abuse and significant rent arrears
- However, recent [evidence](#) to suggest illegal evictions have increased by 50% since lockdown
- Over half a million households in the PRS could be at risk of losing their home if their finances don't improve

# Case Study: the PRS

- Alongside furlough and other financial schemes, the Government increased Local Housing Allowance back to the 30<sup>th</sup> percentile rents
- However, this change is not enough to provide adequate support or a financial safety net to ensure renters do not lose their home
- NRLA estimate rent arrears to be approx. £328m to £427m
- Low-income renters and those reliant on benefits to cover housing costs were already struggling before Covid-19 due to decade of welfare reforms and austerity

# Case Study: the PRS & Welfare Reforms

- In 2008, the UK Government implemented Housing Benefit reform and introduced LHA rates
- Since 2010, the UK Government have introduced the following:
  - The CPI then 1% uprating, and, then 4-year freeze to LHA rates;
  - The expansion of the Shared Accommodation Rate to all single under-35s who claim benefits;
  - Housing Benefit and under-occupation in the social rented sector (more commonly known as the 'Bedroom Tax');
  - The Household Benefit Cap and subsequent reduction in 2015; and,
  - Universal Credit
- The changes to LHA rates have effectively de-coupled our benefit system from covering adequate rental housing costs and introduced a rent control system (Rugg & Rhodes, 2018)

# Case Study: the PRS & Welfare Reforms

- Evidence that LHA now does not cover lowest rents (30<sup>th</sup> percentile rents) (Crisis, 2019; Fitzpatrick et al., 2019)
  - CIH (2018) found that 90% of LHA rates did not meet 30<sup>th</sup> percentile rents
  - Simcock & Kaehne (2019) found 65% of landlords said gap between LHA and rent was at least £50 a month
  - O'Leary et al. (2018) – likely reducing the availability of affordable properties to low-income tenants
- Rent Arrears and Evictions in the PRS
  - Over 55% of private landlords reported that their tenants on Universal Credit were / had been in rent arrears in past 12 months (Simcock & Kaehne, 2019)
  - Simcock & Kaehne (2019) identified rent arrears were reported to have begun after a new claim for or migration onto Universal Credit (83% of landlords with UC tenants)
  - Around 1-in-3 landlords had evicted a tenant on UC in the past 12 months, with the main reason reported as rent arrears (Simcock, 2018; Simcock & Kaehne, 2019)

# Case Study: the PRS & Welfare Reforms

- ‘No DSS’ discrimination and stigmatisation
  - Just under 1-in-3 landlords had actively discrimination against tenants who claim benefits in past 3 years (Simcock & Kaehne, 2019)
  - Reflects wider unwillingness to let to benefit claimants by landlords due to welfare reforms (Pattison & Reeve, 2017; Watts & Stephenson, 2017; Simcock, 2018)
  - Twice the amount of landlords were unwilling to let to tenants who claimed UC over **perceptions** of problems with UC than those who had experienced issues (Simcock & Kaehne, 2019)
- Covid-19 will likely mean many landlords will have to change stance on ‘No DSS’
- If more people start to rely on Universal Credit for housing costs, then:
  - Further pressure for Government to reform housing benefit levels
  - Rent levels will decrease to match income levels, leading to some landlords to attempt to sell

# Case Study: the PRS & Implications

- A significant number of households in the PRS have been negatively affected by the Covid-19 economic decline
- Private renting was already more expensive than other tenures, with renters paying more than other tenures and with limited/no savings to fall back on
- Our welfare system did not provide adequate support before Covid-19 and there has now been a 120% increase in claimants
- Without increased financial support from Government, more and more households will struggle, and we can expect homelessness to increase



# Health & Well-being



# Housing as a determinant of health

- The Marmot Review of 2020 identifies that housing is an important determinant of our health
- Well accepted of link between housing and health (i.e. Rowntree, 1971, Britten, 1934)
- Recognition that more than physical housing factors influence health, increasing focus on psychological and social factors (Shaw, 2004)
- Housing needs to be:
  - Safe and free of physical risks
  - Provide safety and security
  - Allow us to be part of the community
- Housing can also be a risk:
  - Domestic abuse and suicide, 'harms and home' (Gurney, 2020)
  - Housing insecurity such as 'no fault' evictions and unaffordability
  - Overcrowding
  - Poor property conditions
- Lockdown has forced more of the population to stay at home for longer periods



# Physical conditions

- Overcrowding & Covid-19. Analysis by Inside Housing identified a correlation between the level of overcrowding in Councils in England and Wales and their Covid-19 death rate. Living in overcrowded spaces, increases chances of transmission and reduces ability to self-isolate
- Over **1 million 'non-decent' properties in PRS** in England (MHCLG, 2019). Homes that do not:
  - Meet the minimum standard as set out by the HHSRS: i.e. has a Category 1 hazard present
  - Provide a reasonable degree of thermal comfort
  - Be in a reasonable state of repair
  - Have reasonably modern facilities and services
- Issues with enforcement of regulations by local authorities (Simcock & Mykkanen, 2018) – only 11% had used new powers (civil penalty notices) in the first year

# Psychological health

- National Housing Federation identified that since lockdown, 31% of adults in UK had experienced mental or physical health problems due to lack of space or physical conditions
- 'Home' is argued to provide a sense of 'ontological security' (Munro, 2020). I.e. a sense of stability, security and control. With homeownership linked to higher levels of well-being (Smith et al., 2017)
- Research findings show that insecure housing/private renting can have negative effect on health and psychological well-being (McKee, M., et al., 2017)

# Psychological health

- Private renting (& insecurity of tenure/S.21) associated with higher levels of biomarker C-reactive protein (CRP) – indicative of chronic stress/infection (Claire & Hughes, 2019)
- Private renters find it difficult to ‘settle down’ and create a ‘home’ in the PRS (Hoolachan et al., 2016; Soaita & McKee, 2019; McKee & Soaita, 2018; McKee et al., 2019)
- Recent research from Garnham & Rolfe (2019) explored three Social Enterprise / Housing Association projects that aimed to improve sense of ‘home’ and identified:
  - Tenants’ health and well-being generally improved over the 1<sup>st</sup> year of the tenancy
  - Tenant’s relationships with their housing provider, their property condition and their neighborhood influenced their health and well-being
  - Being able to settle into a new property and establish a sense of home brought tenants improvements in both physical and mental health



# Housing requirements, supply & home and security of tenure



# Security of tenure

- Covid-19 has demonstrated the insecurities of the current private rental system to a much broader proportion of the population
- Previous research has already identified negative impact of insecure tenure on well-being, as well as a lack of control:
  - Pets, families, relationships, decoration and heating
- Implication will be increasing pressure for Government to introduce changes
- Renters reform bill was a manifesto commitment, but no timetable for bringing to parliament

# Further implications of insecurity of tenure

- Research identifies that insecurity through S.21 is experienced more broadly and impacts on the landlord and tenant relationship
- Recent research from Dr Byrne and Dr McArdle (2020) found that “while insecurity is a function of the legislative and market context, tenants experience insecurity in the context of their relationship with their landlord.”
- Therefore, tenants may try and avoid conflict with their landlord in fear of negative outcomes
- The authors recommend the strengthening of security of tenure to ensure tenants are able to advocate for themselves and hold landlords accountable for poor practice and poor conditions

# Housing service delivery & implications of Covid-19 on providers

- Covid-19 has implications for service delivery for housing providers – such as repairs and broader support
- Recent research from PlaceShapers and HACT examined role of Housing Associations during Covid-19
  - 300,500 welfare calls
  - Gave advice and guidance to 57,000 people
  - Organised 50,000 food deliveries
- Difficulties for Housing Association spread over large/different geographical areas, but partnership working across sector has been key

# Changing Society and requirements

- Covid-19 has introduced significant changes, with large proportion of population now working from home
- Early evidence from Zoopla & Rightmove to suggest change in requirements and demand
  - Larger spaces with areas for home-working
  - Access to green spaces or gardens
  - Exodus from City Centres
- Will this affect future supply? Certain large cities (Manchester, Leeds, etc.) have seen significant supply of apartments, will these still be in demand?
- HACT/Placeshapers report identifies need for housing associations to adapt to new reality and ensure properties reflect space needs and requirements



# Supply of affordable homes

- The Affordable Housing Commission has identified that the Covid-19 pandemic has made the situation worse, with the housing gap potentially growing to over 500,000 homes in next 5 years
- Research from Shelter and Savills identify:
  - 84,000 properties now not going to be built this year
  - 30% less social rented homes, with only 4,300 properties now in the pipeline
- Health Foundation report that there are over 1 million households waiting for social housing



# Implications and conclusions





# Implications of Covid-19 on housing

- Covid-19 has had a significant economic and social impact on households across the UK, with little certainty on the future
- Pandemic has further shown the flaws in our current housing market
- Insecurity of tenure and unaffordability of private renting coupled with lack of social housing and inability for Local Housing Allowance to meet housing costs
- Need to focus on housing role in public health and well-being

# The need to invest in Social Housing post Covid-19

- Recent research from the UK Collaborative Centre for Housing Evidence (CaCHE) examines the impact and value of social landlords' housing and broader services. The research found:
- Building affordable housing contributes to the economy:
  - In Scotland, this would increase GVA by adding 200,000 jobs and adding in £2bn in output per year
- Can address inequalities and has social benefits:
  - Reduces financial burdens and reduction in child poverty
- Can support rural economies and communities
- Can improve energy efficiency, and high-quality homes can improve health and well-being

# Final thoughts

- Maslow's Hierarchy of Needs (Maslow, 1943)
- Shelter forms the foundations for individual and societal growth
- If we don't have decent, safe & secure housing, can individuals & society reach full potential?
- Especially important when households need their housing to provide safety from Covid-19

