

Manchester City Council
Report for Information

Report to: Neighbourhoods and Environment Scrutiny Committee –
10 March 2021

Subject: The lifting of eviction restrictions in the Private Rented Sector
and the impact of these changes on the homelessness
directorate

Report of: The Interim Director of Homelessness

Summary

At the moment, it is too early to fully understand the demand that will impact on the homelessness directorate due to the lifting of the eviction moratorium. The eviction moratorium has been extended to the 31st March 2021, subject to review, and therefore evictions will not commence until the 14th April at the earliest. This report indicates that demand will increase within the 2021/22 financial year and lists the factors that will impact upon the level of demand and the timing of it.

Recommendations

Members are invited to consider and comment on the information contained within this report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Having high quality homes reduces the need to waste valuable resources on heating properties. This will help reduce the amount of carbon used. Helping people remain in their homes, rather than having to move to temporary accommodation outside of the city will ensure transport costs to existing support networks are not needed.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Having good quality accommodation will help people to thrive. Reducing the number of people who are homeless, or placing them in appropriate accommodation with help to access employment and learning opportunities will contribute to Manchester becoming a thriving and sustainable city.

A highly skilled city: world class and home grown talent sustaining the city's economic success	Having accommodation that people can access, in areas where they have a support network to help them, and their children, into education or employment will help grow talent in the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Having good quality accommodation in our communities improves the environment people live in and helps them to make a positive contribution.
A liveable and low carbon city: a destination of choice to live, visit, work	Ensuring properties are a good quality and high standard will reduce the need to heat properties and therefore reduce energy waste.
A connected city: world class infrastructure and connectivity to drive growth	

Contact Officers:

Name: Mohamed Hussein
 Position: Interim Director of Homelessness
 E-mail: mohamed.hussein@manchester.gov.uk

Name: Nicola Rea
 Position: Strategic Lead for Homelessness
 Telephone: 07940795195
 E-mail: nicola.rea@manchester.gov.uk

Background documents (available for public inspection):

Not applicable.

1. Introduction

- 1.1 Due to the impact of the covid-19 pandemic, the Government declared a moratorium on the eviction of people from both social and private rented sector accommodation to help stop the spread of covid-19, and to help people who were struggling to pay their rent due to socially isolating throughout lockdown. This moratorium has continued throughout the pandemic and subsequent lockdowns as more people have lost employment and struggled with rent payments.
- 1.2 This moratorium will have an impact upon the homelessness directorate when it is lifted and Courts are fully functioning. This report tries to anticipate levels of future demand by analysing factors such as the number of people losing employment, the numbers of people who are not paying their rent in the social sector and those accessing advice services. The report also looks at the numbers who have approached the housing solutions service because they have been given a notice, even though they do not currently have to leave their accommodation.

2. Background - Moratorium Legislation

- 2.1 The Coronavirus 2020 Act received Royal Assent on the 25 March 2020 and was introduced to help the country cope with the demands caused by the coronavirus outbreak. Sections of the Act provide protection to social and private tenants by delaying when landlords can start proceedings to evict tenants. The provisions of the Coronavirus Act 2020, which increased the required notice period length, have been extended through legislation throughout the pandemic.
- 2.2 The Government has extended the period of notice that a landlord must give to a tenant. If tenants were served a notice between 26 March 2020 and 28 August 2020 inclusive, the minimum notice period is three months.
- 2.3 From 29 August 2020, until the 31 March 2021 inclusive, with the exception of the most serious cases, landlords are not able to start possession proceedings unless they have given their tenants 6 months' notice. These serious cases include those in relation to anti-social behaviour (including rioting), domestic abuse, false statement and where a tenant has accrued rent arrears to the value of over 6 months' rent.
- 2.4 After a number of months of closure, the courts re-opened on 21 September 2020. This means that housing-related cases for eviction (known as possession cases) have resumed their progression through the court system, although many courts are running at a minimal capacity or are closed due to covid-19. Initially, only the most serious cases will be prioritised, such as cases involving domestic violence, serious anti-social behaviour and rent arrears of six months or more. Longer notice periods and new court rules apply during the national lockdown which is currently in force in England.

- 2.5 Renters will continue to be protected from eviction during the new national lockdown period. During this time, landlords can serve eviction notices and courts can grant eviction orders, but the government is extending existing legislation to ensure bailiffs do not serve eviction notices, except in the most serious circumstances. The only exceptions to this are illegal occupation, false statement, anti-social behaviour, perpetrators of domestic abuse in the social sector, where a property is unoccupied following death of a tenant and serious rent arrears greater than 6 months' rent. This legislation is in place until the 31 March and will be kept under review. Once the pause on evictions comes to an end, bailiffs need to provide at least two weeks' notice of an eviction, which means evictions in non-serious cases will resume from 14 April 2021, unless the Government makes an alternative announcement in the future.
- 2.6 The Government's measures only apply to renters who have an Assured Shorthold Tenancy (AST) and some who have licences. They exclude lodgers, holiday-lets, hostel accommodation and accommodation for asylum seekers.
- 2.7 All this has meant that whilst landlords have continued to issue Section 21 notices since March 2020, landlords have not been able to enforce warrants since March 2020, and will not be able to enforce until 14 April 2021 at the earliest.
- 2.8 Alongside the eviction moratorium, there have been other moratoriums to support people throughout the pandemic, these include support around mortgage repayments, DWP sanctions, support with regards to utility debts, as well as the increase in Local Housing Allowance rates and the additional £20 per week that has been given through Universal Credit. Whilst this has significantly helped people throughout the pandemic, support and advice will be required for people if and when the financial support and moratoriums come to an end.

3. Covid-19 – Homeless Impact

- 3.1 A November 2020 report by Crisis showed that during the first few months of the pandemic, an increase in homelessness was driven by those already experiencing homelessness - people who were sofa surfing and living in dangerous and transient accommodation – who became more visible as their living situations forced them to access help. As the pandemic has progressed there have been bigger increases from people experiencing homelessness, people who have been furloughed and those who are newly unemployed.
- 3.2 This picture is reflected in Manchester where we have seen an increase in the number of benefit claimants in the private rented sector since the outbreak of Covid. The most common reason for homelessness acceptances in Manchester is the loss of a private rented tenancy. This is largely because of the differences between average rents and Local Housing Area (LHA) rent levels which form the basis of the level of benefit that will be paid for housing costs. Analysis undertaken by the Council's Policy, Research and Information (PRI) team highlights that whilst a rise in LHA rates from April 2020 has meant that more areas of the city are now affordable, covid-19 has resulted in an

increase in individuals in Private Rented Sector (PRS) tenancies claiming benefits from the city centre and south of the city, areas where the LHA does not meet housing cost. It is not yet clear whether the increase in benefit claimants due to covid-19 will translate into a longer-term increase in claimants and what the impact on the level of evictions will be. However, there is a real concern that there will be an increase in evictions from long term claimants and those newly impacted by covid-19 who are struggling to maintain their PRS rental payments.

- 3.3 In anticipation of court capacity returning to normal and the moratorium on evictions being lifted, the council has been working closely with advice partners to encourage people to get advice as early as possible if they are struggling with paying their rent rather than ignoring concerns until it is too late to provide support through prevention work. An information initiative has started, with press releases and interviews given encouraging people to 'get help early'. (Appendix 1) This will continue. Despite this work it is still anticipated that there will be a significant number of eviction cases over the next financial year.

4. Demand and Capacity - Advice Services

- 4.1 Covid-19 has created increased demand for advice services, coupled with insufficient resource to meet current demand despite the excellent work advice organisations have been carrying out. From the 16 March 2020 Citizens Advice Manchester (CAM) witnessed a steep increase in demand, particularly employment advice enquiries primarily in relation to sick pay, redundancy and the government furlough scheme. In the period of July-September CAM saw over 14,500 benefit enquiries, which is c.30% higher than the same period in 2019. In addition, their Help to Claim service, which helps people in the early stages of Universal Credit (UC) from the application through to first payment, saw a significant spike in demand as many people impacted by covid-19 made a claim for Universal Credit. Other advice services report similar increases in demand with Cheetham Hill Advice Centre also reporting a far greater concentration of cases. Services are now supporting people who have never had contact with the benefits and tax credit systems before, as well as individuals who had been managing on tight budgets but who have seen their household expenditure tighten further.
- 4.2 Social distancing and other covid-19 related requirements have led to a shift to digital and telephone support and a reduction in the fact to face support required. For example, CAM and MIND are not currently able to operate from bases such as the Rates Hall in the Town Hall Extension. In addition to digital exclusion, a scarcity of access to face-to-face support means that some people are unable to access simple support to scan documents for universal credit benefits claims etc. Officers are working hard with advice and digital exclusion services to address these issues, and Council services have put in place alternative measures for example, housing benefit will accept paper documents via post if people cannot send e-copies.

- 4.3 Whilst demand for support has increased, it has also been somewhat mitigated in some areas by the measures that the government has put in place, such as the furlough scheme and a moratorium on evictions. This is evident in the number of enquiries that CAM received around housing during July-September of this year, which dropped by c.10% in comparison with the previous year. However, potential redundancies and large-scale unemployment following the end of the furlough scheme are likely to increase demand for benefits, debt and employment advice. There is also an anticipated upsurge in requests for support around unmanageable debt with debt enquiries likely to rise as people face longer periods of pressure on their incomes. The concern is that this will lead to growing rent arrears and subsequent evictions and mortgage repossession, as government protections are lifted, and repossession action is no longer postponed.
- 4.4 At the same time advice services will face new demand from existing clients returning (dormant / latent demand) with multiple and more complex issues that have been held in check by the government measures. The ongoing economic impacts of covid-19 could have a long-term impact on the numbers of people in the city who will experience financial hardship.

5. Current numbers in Temporary Accommodation

- 5.1 To put the potential future demand into context, the current numbers of households in temporary accommodation is in the table below.

	Families	Singles
B&B	41	250
In House TA	24	245
Dispersed	1,704	249
Total	1,769	744

- 5.2 The top three reasons for loss of settled home (from 1 April 2020 to 31 January 2021) are:

Family no longer willing or able to accommodate	1,223
End of private rented tenancy – assured shorthold tenancy	582
Domestic abuse	573

- 5.3 As can be seen, the numbers of people who are presenting to the homelessness directorate, giving the reason as end of private rented tenancy, throughout the pandemic remains high. Under legislation the Council is taking these applications, informing the household presenting that they can remain in the accommodation, whilst officers work with households to help them find alternative properties.

6. Potential Levels of Demand on Homeless Services - Data

- 6.1 As the moratorium on evictions has not yet been lifted, it is very difficult to predict the impact that it will have on demand for homeless services. Officers

have analysed the data available to see what can be used to predict future demand and what conclusions can be drawn from it. The following information only provides some potential scenarios as it is not possible to predict with any degree of accuracy the impact of Homelessness Services as there remains too many unknowns.

7. Figures from the Private Rented Sector (PRS) as an indication of demand

- 7.1 Between 2019 and 2020 the number of households in Manchester claiming either the housing element of Universal Credit (UC) or Housing Benefit increased 60% overall for those in PRS tenancies. The following table breaks this down.

UC Housing Element PRS 2019	Tenants receiving HB PRS 2019	Total			
		PRS 2019	PRS 2020	Change	%
7,490	18,380	8,490	7,221	15,980	25,601

Figures are as at August of each year

- 7.2 To try to give an indication of the impact this 60% increase could have on the number of households the Council would owe a homelessness duty to, and possibly accommodate, officers have looked at the 2019/20 figures for the loss of a PRS tenancy and applied this increase as a worst-case scenario. 2019/20 figures are used as this was the last year before the Covid-19 pandemic hit.

2019/20 cases where duty owed - end of PRS	x 60%	2019/20 cases with % added
1,176	708	1,884

- 7.3 In short, if there is an increase in residents who will fall into arrears or at risk of eviction as landlords do not want to rent to UC claimants there could be a further c700 households owed a duty on top of the existing 2020/21 figure of 1,176. This is based on the broad assumption that the 60% increase would feed through to the numbers presenting as Homeless and ultimately being owed a duty.

- 7.4 It is clear that the moratorium on evictions during 2020/21 has reduced demand. The table below shows a comparison of the number who were owed a homelessness duty in the first three quarters of 2020/21 compared to the same period in 2019/20

	2019/20 (to Q3)	2020/21 (to Q3)	Difference
Cases where duty owed end of PRS	903	558	-345

- 7.5 The above shows a reduction in demand of 38% which is an indication of the level of suppressed demand. This could mean a potential c 449 households that have not yet approached the council due to the moratorium. It is important

to note that some of these households could be double counted with those who are now claiming UC, but this is one of the many unknowns.

- 7.6 All these figures are about households who may be owed a homelessness duty, but it is unlikely that all of these will require temporary accommodation. Based on figures from 2019/20 and 2020/21, an average of 22% of those cases owed a duty went on to access temporary accommodation. If this trend continues and the proportion remains the same, then the increase in the number of universal credit claimants could ultimately lead to around 400 further temporary accommodation placements. If the suppressed demand is in addition to this, the number would increase to around 500, for reference the numbers of new placements accommodated in 2019/20 were 270.

	Number of cases where duty owed	Number needing TA
2019/20 figure + increase in UC claimants	1,884	414
2019/20 figure + increase in UC claimants + 2020/21 evictions delayed due to moratorium	2,333	513

- 7.7 The above is based on assumptions drawn from previous trends and the reality could be very different. An increase in 500 in temporary accommodation from the PRS would represent a 20% of those currently accommodated.

8. Figures from the Social Rented Sector (SRS) as an indication of demand

- 8.1 Between 2019 and 2020 the number of households claiming either the housing element of Universal Credit (UC) or Housing Benefit increased 17% overall for those in SRS tenancies. The following table breaks this down.

UC Housing Element		Tenants receiving HB		Total			
SRS 2019	SRS 2020	SRS 2019	SRS 2020	SRS 2019	SRS 2020	Change	%
9,599	16,695	31,058	30,745	40,657	47,440	6,783	17%

Figures are as at August of each year

- 8.2 As with the PRS analysis above, the number where a homelessness duty has been applied provides an indication of the likely impact of the 2019/20 housing benefit and universal credit increase.

2019/20 cases where duty owed - end of SRS	x 17%	Total with % added
257	43	300

- 8.3 As before, this suggests a potential additional 40 households being owed a duty on top of the previous annual figure of 1,176. The potential suppressed

demand is shown below with the reduction in the numbers of people requiring a duty in the first three quarters of 2020/21 compared to the same period in 2019/20.

	2019/20 (to Q3)	2020/21 (to Q3)	Difference
Cases where duty owed end of SRS	192	68	-124

- 8.4 The above shows a 65% reduction in 2020/21 to Q3 compared to the previous year which would equate to 167 households. Looking at figures from 2019/20 and 2020/21, an average of 27% of those cases owed a duty went on to access temporary accommodation. Officers have applied this figure to the two different numbers of cases where the Council would owe a homelessness duty. The results are in the below table. For reference, the number of new households the Council accommodated in 2019/20 was 61.

	Number of cases where duty owed	Number needing TA
2019/20 figure + increase in UC claimants	300	81
2019/20 figure + increase in UC claimants + 2020/21 evictions delayed due to moratorium	467	126

- 8.5 As before these are only indicative numbers based on previous trends. In addition, it is not known how many have repayment arrangements with landlords, what the effect of furlough ending will be and what type of households these are (families or singles).

9. Analysis outcome

- 9.1 The analysis in this report is based on current government policy and universal credit data until August 2020. It is almost impossible to accurately predict what impact the lifting of eviction restrictions in the private rented sector will have on the demand for homelessness services but this report sets out some indication of what the position might be. Whilst the data is based on universal credit until the end of August it is worth noting that the steepest increase in the number of claimants was in the early months of the year. Since 1 March 2020 the number of claimants has risen by 85% to almost 77,900 but numbers have been above 70,000 since July 2020.
- 9.2 The modelling suggests that there could be an increase of c25% on current levels requiring Temporary Accommodation once the evictions moratorium and arrangements such as furloughing end. The combined total across the PRS and SRS sectors could be in the region of 600 to 700 more households requiring temporary accommodation. The modelling indicates a figure of 629 (513 + 126 in the tables above) but some allowance will need to be made for

the further increase in claimants after August 2020. This is more than doubling of the increase in activity to date in this financial year where the numbers of households in dispersed accommodation has increased by 309.

- 9.3 The 2021/22 budget allows for investment funding of £6.8m funding for the impacts of covid-19, of which £2.8m is currently uncommitted. There is a further £1.39m to fund the likely ongoing increases in demand agreed as part of the 2020/21 budget process which assumed an increase of 5 households in dispersed accommodation each week. Discussions are also ongoing with MHCLG around funding levels for continued Rough Sleeper Initiative funding along with continued support for the Protect programme encompassing temporary accommodation placements and support for those in Private Rented Sector. It is not yet known if this funding is sufficient to support the expected increase but the position will be monitored closely on an ongoing basis.
- 9.4 The decisions made by the Government on the lifting of lockdown, and announcements made in the Spring Budget, will impact when people present and will also impact on the numbers presenting. At this moment it is not known whether the future demand will be from early 2021/22 or later in the year.
- 9.5 We know that the Courts have a significant backlog and will be slowly working through the cases. We therefore anticipate that although numbers may present as homeless, people will not be asked to leave accommodation immediately and officers will have the time to work with households if they present or get advice before having to leave their accommodation.

10. Mitigation

- 10.1 As mentioned above, officers and partner organisations are working hard to encourage people to access support early so they have as much opportunity as possible to remain in their current accommodation and not become homeless. Advice services are managing much higher demand and helping people access benefits and other support mechanisms to help them through this pandemic. The Court Service will take time to manage the backlog of cases that are waiting to be heard, and therefore the numbers will be a steady approach, rather than a large number at once. This will enable staff to have the time to work with people more effectively.
- 10.2 Officers are in discussions with the Ministry for Housing, Communities and Local Government about the potential future impact of covid-19 on homeless services. Officers are also in discussions with Greater Manchester Combined Authority and other Greater Manchester Local Authorities about how we can collectively highlight the potential demand with MHCLG. Officers are also talking to registered providers about the help and advice they may be able to give to residents in their areas.
- 10.3 The Homelessness Service is placing a much greater emphasis on providing preventative support and to increase their focus on the private rented sector. The service continues to work in close partnership with Housing, Adult Social

Care and Revenues and Benefits. It should be noted that the use of Discretionary Housing Payments can be paid to support residents in receipt of Universal Credit (who also receive the Housing Element included to pay towards their rent), or Housing Benefit to address rent shortfalls. This has been focused on helping residents avoid or reduce rent arrears and to maintain tenancies.

- 10.4 Officers are working closely with the Revenue and Benefits team to ensure people access the appropriate benefits promptly.

11. Statutory Breathing Space Scheme

- 11.1 The Government is aware that there are more people than ever falling into debt through this crisis, which will eventually have an impact on rent, evictions, and demand for homeless services. They have introduced a new statutory 'Breathing Space Scheme' in order to try and help with this. The scheme will commence on the 4 May 2021.

- 11.2 **The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020** aims to help people in problem debt to better manage their finances, seek professional debt advice and reach sustainable solutions.

- 11.3 It consists of two sections:

- The Breathing Space Moratorium will provide protections for people in problem debt by pausing enforcement action from creditors and freezing charges, fees and certain interest on qualifying debts for up to 60 days.
- A Mental Health Crisis Moratorium lasts as long as a person's mental health crisis treatment, plus 30 days, which is an alternative way to access the scheme for people receiving mental health crisis treatment.

- 11.4 The Insolvency Service will, on behalf of the Secretary of State, notify creditors when a debt/s has entered a moratorium. When creditors are notified about a moratorium debt, they must pause enforcement action and freeze charges, fees and certain interest for the duration of the moratorium. Creditors must also conduct a reasonable search of their records for any additional debt(s) owed to them by the debtor, as they may be eligible to be added to the moratorium. Creditors must decide what constitutes a reasonable search, based on their circumstances.

- 11.5 This scheme may help individuals who are particularly struggling, but may also have an impact upon struggling businesses and landlords.

12. Conclusion

- 12.1 Although officers have made best estimates of the potential impact, at the moment it is far too early to know what the impact of the lifting of the moratorium and covid-19 will be, and how quickly this will filter to the homelessness directorate. Factors such as:

- How long the country will continue to be in lockdown;
- How quickly the economy will bounce back;
- How long the furlough scheme, and other prevention measures continue;
- How quickly the Court Service will manage to get through the backlog of applications;
- How bailiffs will enforce the Court decisions;
- How many landlords will try and evict people illegally;
- How many people access advice services and benefits early, and so get the help they need, versus ignoring the issue and being evicted;
- How many people have the resilience and resources to be able to get alternative short term help;
- The capacity of advice services to manage new demand and manage the increase in complex cases
- Whether businesses can survive until their potential opening date

will all impact upon the numbers of people who access homeless services, and the speed at which they approach the service.

- 12.2 Officers are working hard with other departments and advice services to ensure that any outcome of the eviction moratorium and covid-19 are mitigated and people are helped to remain in their accommodation and access the right help and advice as early as possible.