

Investigating the Effect of Welfare Reform on Private Renting

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Research Conducted by Dr Tom Simcock, RLA PEARL, September 2018



The RLA & Pearl

- At 20 years old, the RLA provides expertise, support and tools and landlords to do the right thing - by them, their tenants and the industry as a whole.
- Over 35,000 members nationwide, with a combined portfolio of over a quarter of a million properties.
- Our vision is to make renting better by going the extra mile to ensure we have an informed, better educated and more supported membership community.



Who participated in the research?

Research Questions were asked to our Members

Over 65,000 members, associate members and non-members were asked to conduct the survey

Over 2,200 of our members participated in the survey in Spring 2018

Participation was conducted through direct emailing the members, through RLA websites and third party sites.

The principle aim of the study was to examine the impact of universal credit on landlords and the broader sector

Key Findings



- 36% of landlords reported they had let to or currently let to tenants on housing benefit/local housing allowance
- 56% of landlords experienced a tenant on housing benefit going into rent arrears in the past 12 months
- 30% of landlords reported they had evicted a tenant who was in receipt of housing benefit/local housing allowance in the past 12 months
- The primary reason for regaining possession of the property from these tenant groups was rent arrears (65% of landlords)
- 62% of landlords reported they were unwilling to let to tenants on universal credit
- 49% of landlords reported the tax changes meant they were now less likely to let to homeless people or those on benefits
- 22% of landlords reported that they had mortgage conditions that prevented them from letting to tenants claiming benefits or universal credit

Don't Blame the Fireman for the Fire

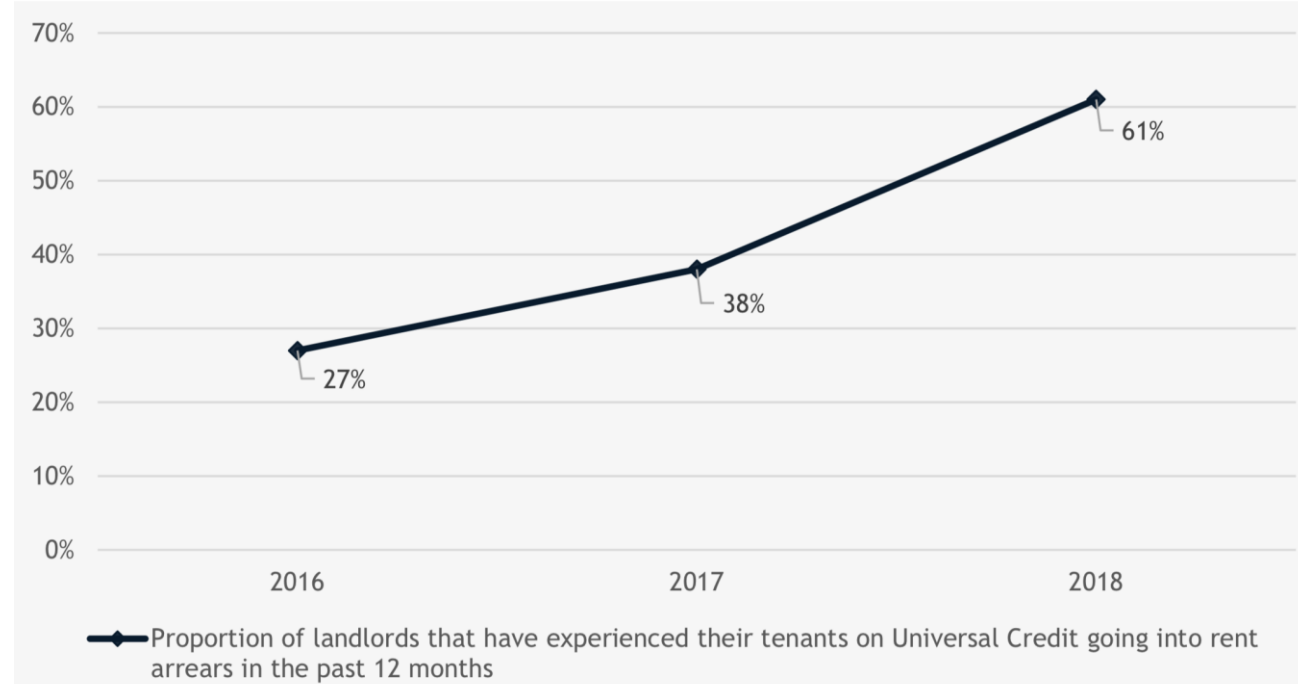
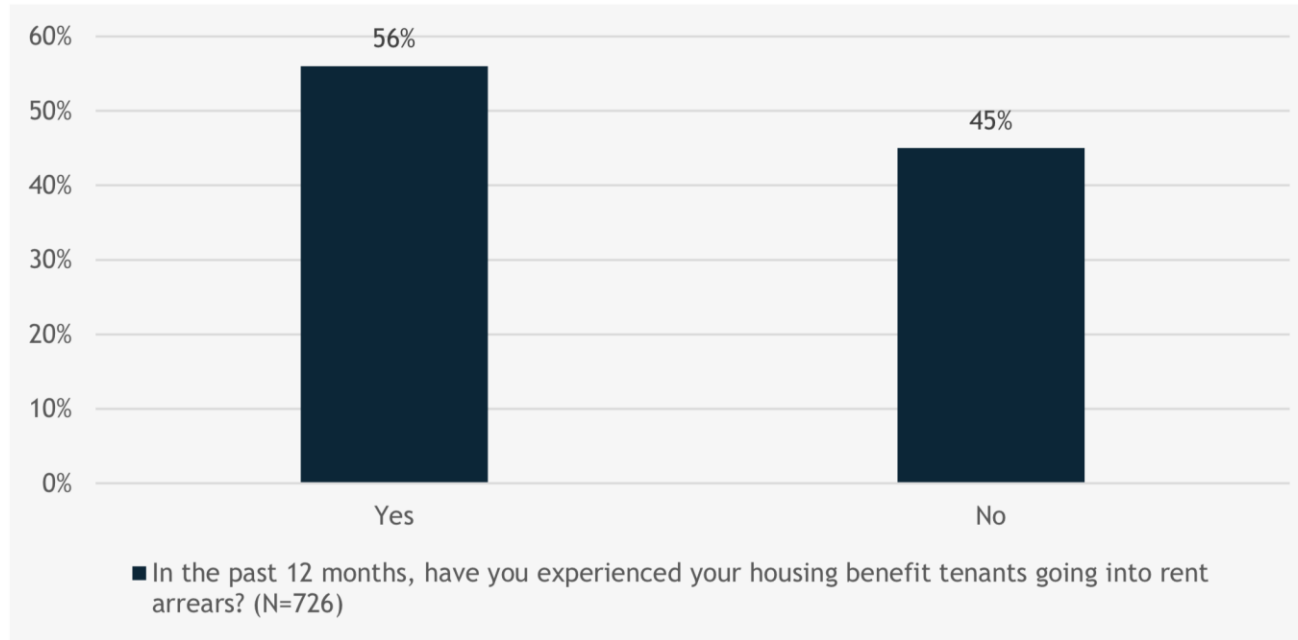
Eviction Rates &
Universal Credit



Mirror UK, How can they blame
Grenfell fire heroes? (Image: Kevin
MaGuire)

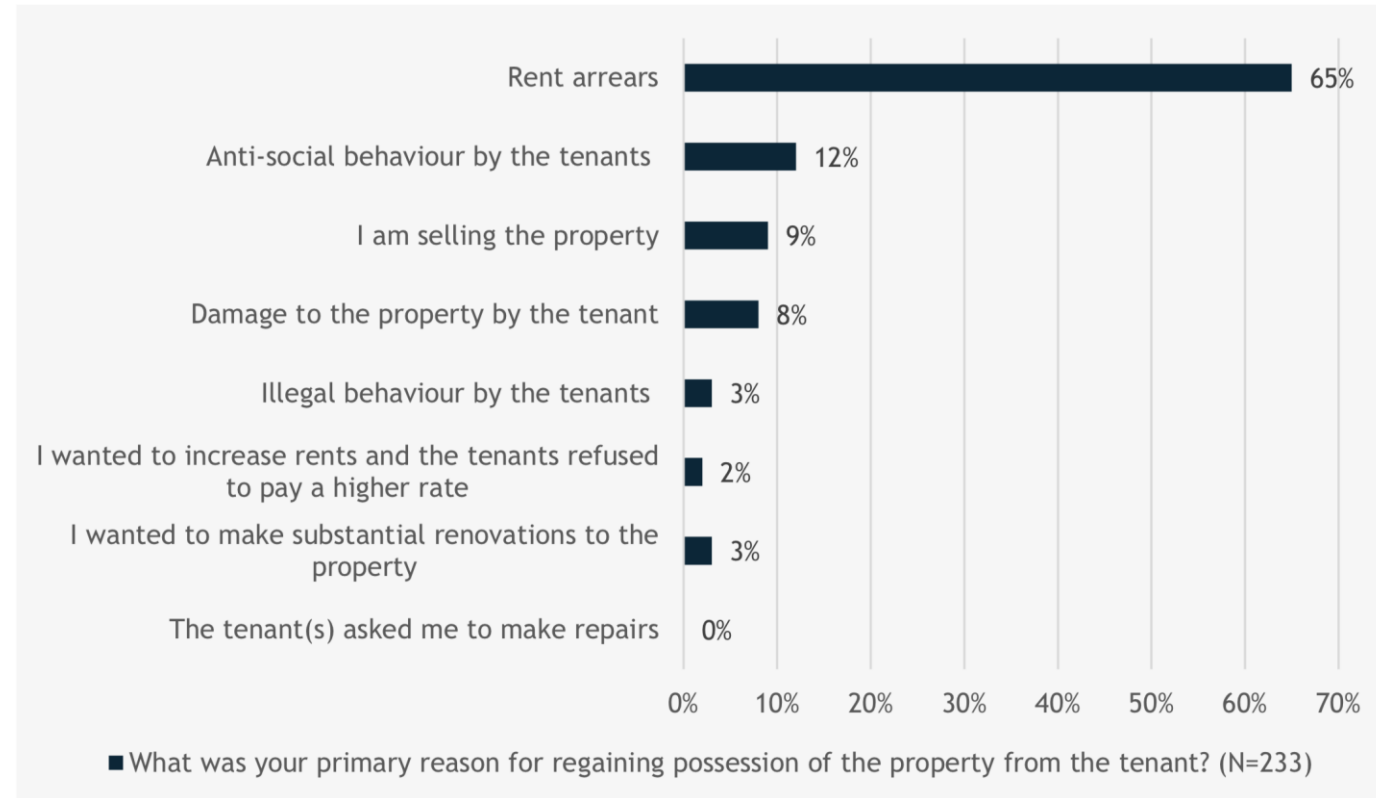
Rent Arrears

- Research by Pearl found that 56% of Landlords in the last 12 months who rent to UC tenants have rent arrears. This has been a persistent increase from 38% in 2017 & 27% in 2016
- The average amount owed by UC tenants has also increased from £1600 to £2,390
- 28% of landlords with UC tenants repossess their property with the main reason due to large rent arrears.



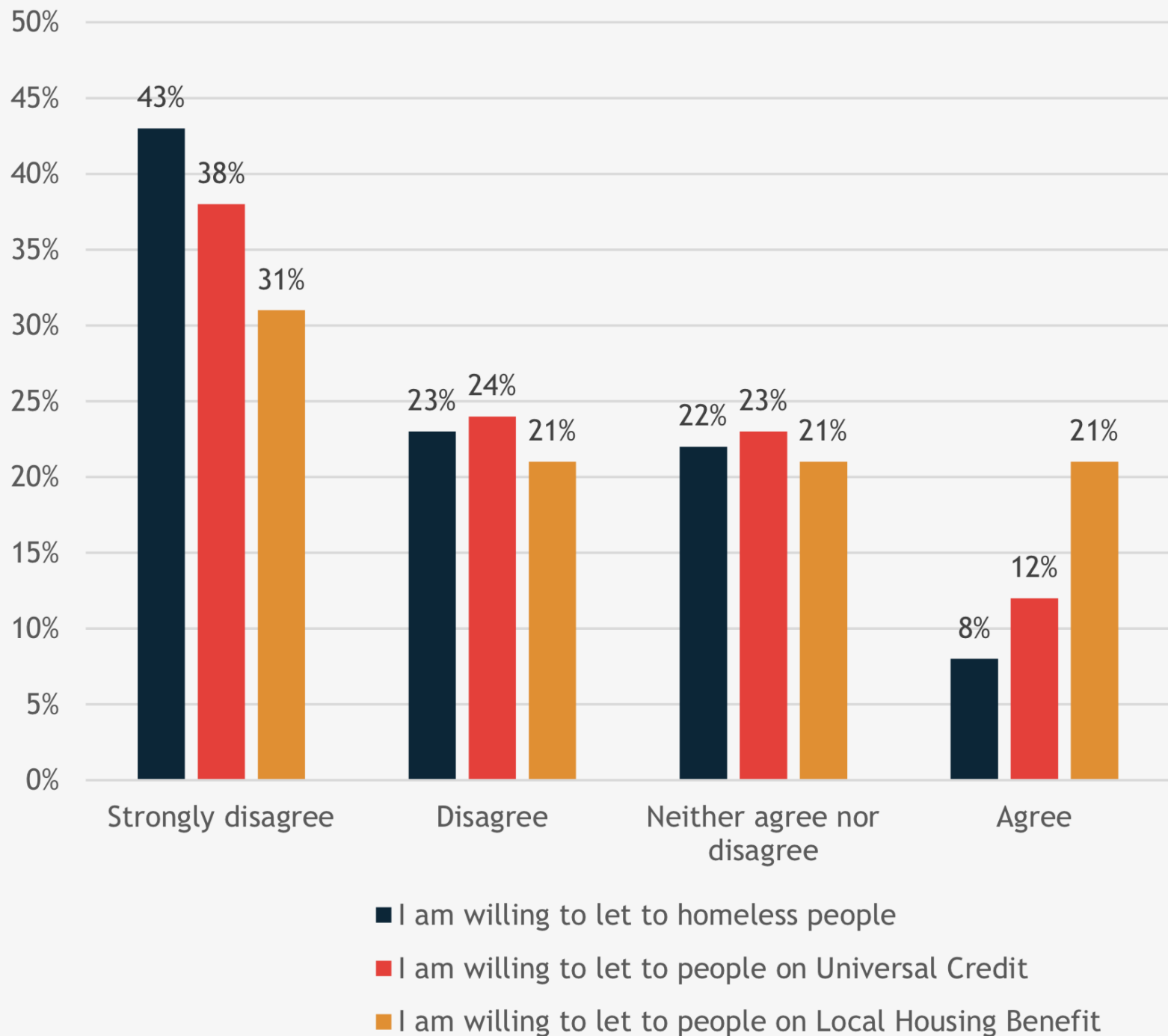
What is the result of arrears?

- 70% of landlords reported they had not evicted a tenant who was in receipt of LHA/HB in the past 12 months
- However, of those that had done so the main reason was identified as rent arrears (65% of landlords), followed by anti-social behaviour (12%) and then the landlord selling the property (9%).

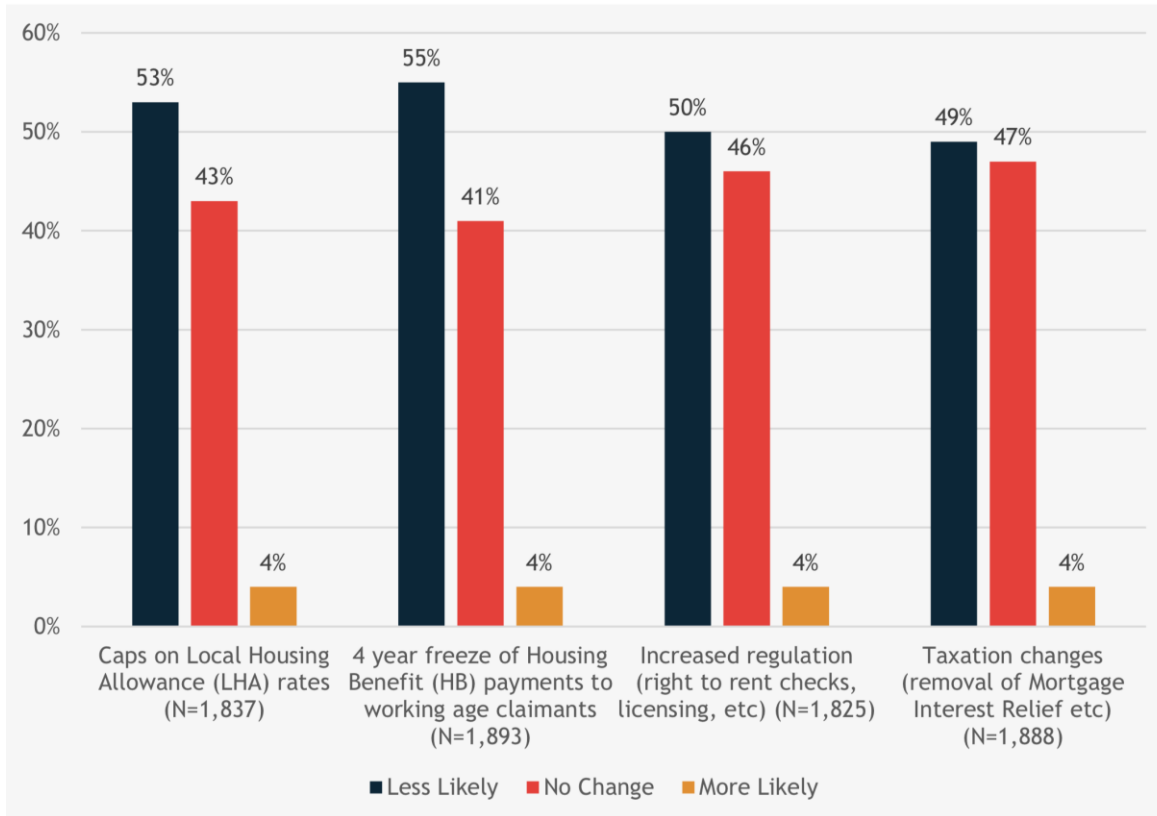


Welfare reform is having a negative impact on our most vulnerable

- Changes of Welfare reform has had a negative net influence on Landlords
- With 43% unwilling to let to Homeless people
- 38% unwilling to let to people on Universal Credit
- 31% unwilling to let to people on Local Housing Benefit

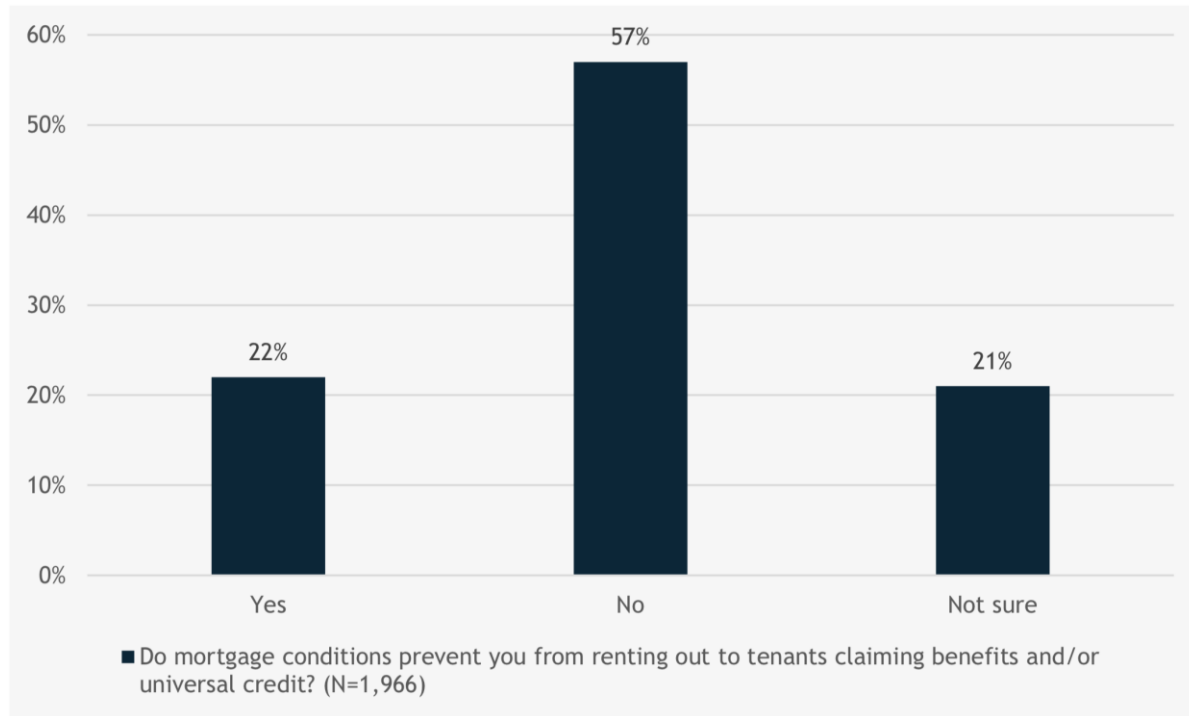


What has influenced this attitude?



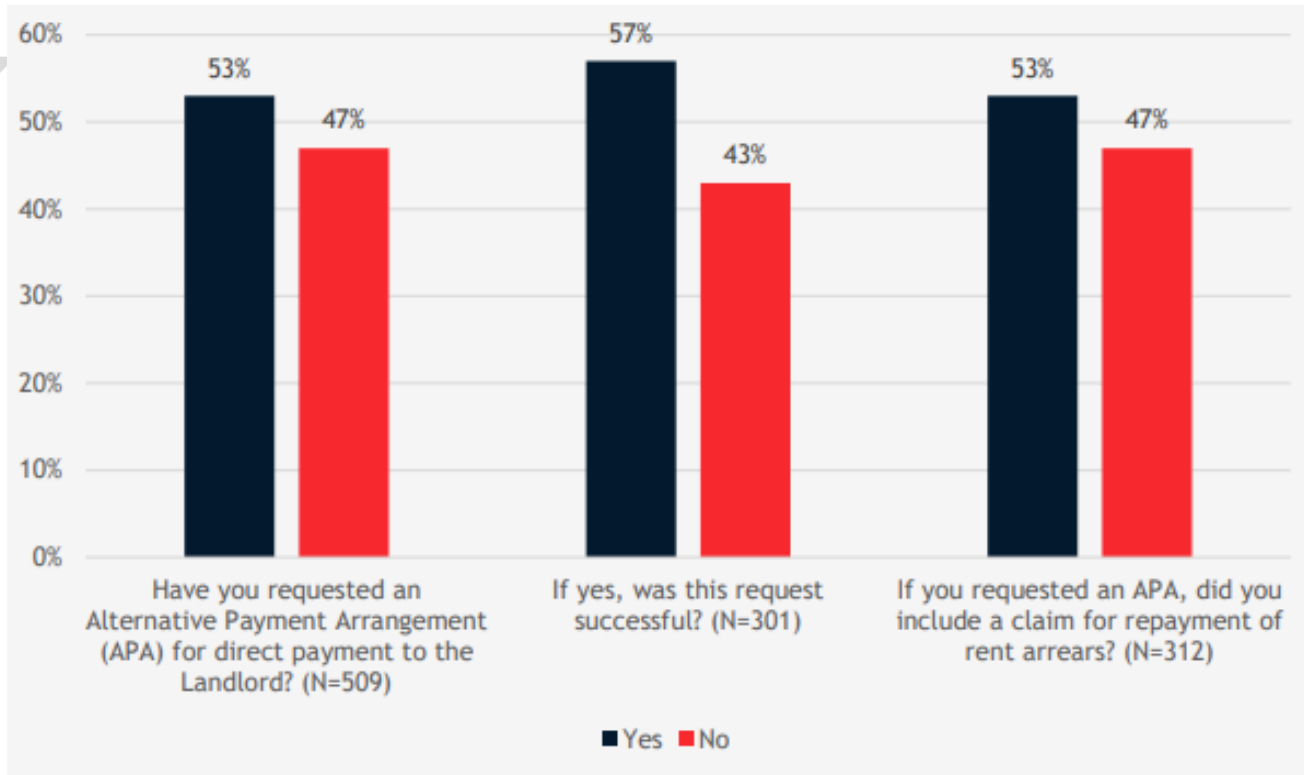
- Out of the recent policy changes the freeze on Housing Benefit was seen as the the reason to less likely let to those on receipts of benefits.
- The findings suggest that the freeze to LHA rates since 2016 and that LHA rates had not increased with market rents between 2010 and 2016 is likely to be driving the increase in rent arrears for tenants that claim benefits.

Other people's attitudes are also being negatively affected



- 22% Reported that their mortgage provider restricted them from letting to a potential benefit claimant
- With 21% uncertain, meaning that a possible 43% of landlords would refuse with fears of breaching their mortgage conditions
- This links to other research conducted by PEARL that found that 90% of buy-to-let refuse a loan when a tenant is on housing benefit

Landlords' Concerns



- Rent arrears do not follow the tenant
- Housing Benefit is now being paid direct to the tenant
- APA (Alternative Payment Arrangement) is difficult to use and only 57% are successful and takes 4 months in total to implement
- Landlords are kept in the dark regarding concerns of the tenant and unable to help or assist
- Eviction is the last resort due to the build up of rent arrears
- Housing Benefit is not enough to pay for market rents.

Welcome Recent Changes, however more needs to be done

- RLA welcomes the new Online System announced recently by Amber Rudd
- We recommend that Work Coaches and Case Managers ask tenants during the application process whether they want to set up APA with the landlord
- Current LHA freeze needs to be reviewed
- Large scale review of the changes in the sector is needed to identify the impact on the development of the sector, research arm PEARL is seeing numbers of Landlords leaving the sector reducing available properties to rent
- Review of mortgage conditions preventing landlords from renting to tenants claiming UC or on benefits





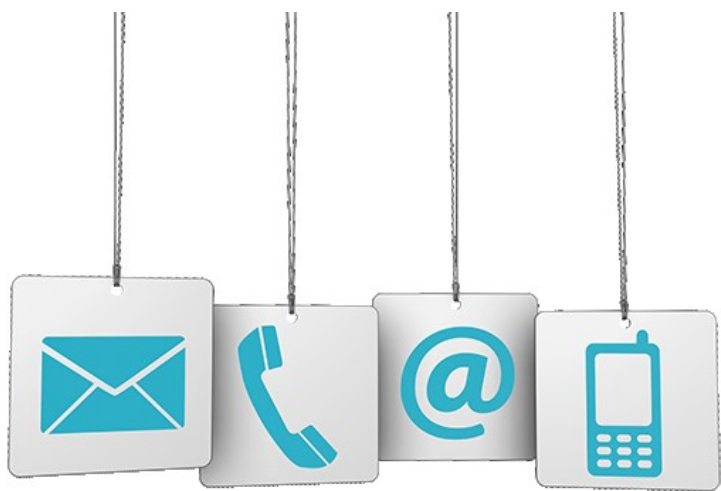
Any Questions?

- All of our PEARL Data can be found here:
- <https://research.rla.org.uk/renting-evidence-dashboard/>

**DATA.
EVIDENCE.
PROGRESS.**

RLA PEARL

See what's new >



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