



HOLDING ON TO HOME

Emerging Insights *Briefing No. 1*

Perspectives on tenancy sustainment: insights from national stakeholder interviews

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Key learning

The '[Holding on to home](#)' study is exploring tenancy sustainment in social housing. In-depth interviews with representatives of organisations with a stake in the study area provide an early insight into the tenancy sustainment challenges facing both landlords and tenants and the drivers of rent arrears, including the impact of the cost-of-living crisis and welfare reforms. The key insights to emerge from the interviews were:

- The cost-of-living crisis is compounding financial pressures that have been building for some years, meaning that for many low income households, a tipping point may have been reached.
- Some population groups have been, and will be, disproportionately affected by the cost-of-living crisis, welfare reforms and a “hostile” benefit environment.
- The nature and form of landlord/ tenant communications impacts on rent arrears by influencing tenants’ rent (re)payment behaviour.
- A broad understanding of ‘tenancy sustainment’ is needed to recognise that is it about more than just paying the rent.
- The financial pressures on households, such as the cost-of-living crisis and welfare reforms, also bear down on social landlords.

1. Introduction

This output is the first in a series of ‘emerging insights briefings’ from the ‘Holding onto Home’ study, which, over a 27 month period, is examining tenancy sustainment in social housing.ⁱ It provides early insights into the primary focus of the study: the drivers of rent arrears, including the impact of the cost-of-living crisis and welfare reforms. **Briefings allow rapid communication of emerging research findings, learning points, and offer timely contributions to ongoing debates in policy and practice.** The insights are based on the evidence gathered thus far, with more detailed and comprehensive analysis provided in subsequent interim and final reports. This briefing draws-out key insights from in-depth interviews with 16 senior representatives of national and regional organisations with a stake in the study area, including: national tenant and landlord bodies; relevant charities; a lender to social housing landlords; support agencies; and, national organisations representing particular communities (women, disabled people, black and minority ethnic tenants).ⁱⁱ **While the primary purpose of the interviews was to inform our approach to the research,** in doing so, providing a ‘live’ insight into the issues that we need to explore, they provide a valuable insight into tenancy sustainment at a time when tenants are confronted by a cost-of-living crisis and landlords by rising costs and the introduction of a rent cap. The intention, here, is not to provide a comprehensive account of all the issues to emerge from the stakeholder interviews, but instead to highlight those that might resonate, and be of most interest, to policymakers, practitioners, tenants, and researchers. Our consultation with key stakeholders is ongoing and will continue for the duration of the project as new issues of interest emerge from the research, and as the policy agenda evolves. The briefing complements an evidence review of the drivers of rent arrears which was published by the study team in August.ⁱⁱⁱ



2. Key insights

2.1. The cost-of-living crisis is compounding financial pressures that have been building for some years. Is this the ‘tipping point’ for people on low incomes?

Serious concerns were expressed about the capacity of low-income households to cope financially with the ‘cost-of-living crisis’. The cost-of-living crisis refers to the fall in ‘real’ disposable income, as household costs (food, energy, other bills) increase, driving high inflation which, in turn, tends to drive increases in interest rates, with implications for households with borrowing.

The full impact of the cost-of-living crisis on rent payment rates is yet to be seen, and is a key focus of this study, but there was consensus that households will, and are already going without essentials such as heating and food. However, stakeholders also emphasised that the cost-of-living crisis has come after a period in which low-income household’s incomes have already been squeezed, and so should not be seen in isolation, but as **compounding an already significant problem**. In particular, they referenced an array of changes to the benefits system over the past decade (often collectively referred to as ‘welfare reforms’); cuts in local authority funding; and the pandemic.

Stakeholders referenced the many changes to the benefits system that were introduced under the umbrella of **welfare reform** as having a detrimental financial impact on the community they represented (which included social housing tenants; low income families; minority ethnic households; people with disabilities; people experiencing homelessness; women). Changes cited were: the introduction of the so-called ‘bedroom tax’ (or ‘Removal of the Spare Room subsidy’); the overall benefit cap; the introduction of Universal Credit (UC) which was seen as being particularly problematic; the two-child limit for UC and Child Tax Credits; the change from Council Tax Benefit to Council Tax Reduction; and, the introduction of more stringent benefit sanctions.

Tenants, landlords and other agencies have worked to mitigate the impact of welfare reform over the past decade. Social landlords, for example, have developed initiatives to support tenants into work, to provide financial and budgeting

“And to be honest, the energy crisis at the moment is: it's just people can't afford to pay. Full stop. We've got people now living in our homes that don't put heating on in the winter. They can't afford to... They probably have one meal a day.” (Social BME landlord member body)

“So, we're working with a group of unpaid carers and nearly all live in social housing. Some are disabled themselves. Some are carers and also have, are also on means tested benefits. So, they're on an income-related ESA [Employment and Support Allowance], for example, or Universal Credit. And, basically, we know from speaking to them that energy is a real issue because it's gone up so much that it's the biggest driver of their debt. So, they're basically not using any energy, or barely trying to use it to the point where people are using candles to cook food. It's really shocking.” (Social justice charity)

“In terms of legacy [of the pandemic], the things we're most concerned about is, is financial resilience. So, we know that during... the pandemic, it had very much differential impacts on different incomes. So, people in the highest level income is actually pretty good financially for them. They stayed at home, you know, they cooked meals rather than eating at Pret and they paid off debt. For people on the lowest incomes who might have been reliant on family and friends for support or who lost their jobs or had to move house, you know, it was pretty devastating. I would, you know, from what the data we've seen and the kind of research that we've seen published, they actually had to take on more debt. You know, they had to spend down their savings.” (Social justice charity)

support, and local welfare funds have been established. Stakeholders were concerned, however, **that tenants affected by welfare reform may have no further headroom, or 'financial resilience' to accommodate the rising cost-of-living.** Those subject to welfare reforms have maximised incomes and minimised spending already to accommodate these changes. **The pandemic, too, was reported to have eroded the financial resilience** of low-income households.

In a context of more than a decade of financial pressures that have accumulated to erode financial resources and resilience to the point where low-income households are struggling to meet their basic needs, it seems likely that timely payment of rent may also prove more challenging, with implications for tenancy sustainment.

The extent to which these pressures will undermine tenancy sustainment is not yet known and is a key question for the Holding onto Home study. However, what these insights also show is the complexity and inter-relation of those factors that push, or 'tip' people into debt and into situations where their tenancies may be placed at risk. This presents methodological challenges when analysing the drivers of rent arrears but will be important to explore and unpick through the research.

2.2. Some population groups have been, and will be, disproportionately affected by the cost-of-living crisis, welfare reforms and a "hostile" benefit environment

The pressures on the finances of low-income households and, therefore, their capacity to meet basic needs, including rent payment, affect resident groups differently. Stakeholders pointed to ways in which certain households are disproportionately, adversely, affected by rising costs and changes to the benefits system, including:

- **Larger low-income families**, including some minority ethnic groups, such as South Asian households. These households were reported to be disproportionately affected by:
 - The 'benefit cap', introduced in 2013 and subsequently extended in 2017: the more children within a family, the higher the overall amount of eligible benefit (before the cap is imposed) and so the more likely they are to be subject to the cap on their benefits.
 - The two-child limit, introduced in 2017 for means tested benefits (such as UC, Housing Benefit (HB) and Child Tax Credits) whereby additional benefit is not paid for third and subsequent children.
 - Rising prices, with larger homes to heat, and more food and other essential goods to pay for.
 - The 'bedroom tax' as children grow up and leave home, these families are likely to be under-occupying larger homes.

"I think it's nine or ten - nearly all - basically, UC recipients that were surveyed that had a deduction are going without essentials." (Social justice charity)

"The financial resilience of these families was eroded during the pandemic which again, which means that they have less ability to cope with rising costs, in particular rising bills, energy bills." (Independent women's group)

"There's so much negatives around Universal Credit and the rollout of Universal Credit; that it's rolled so many benefits into one." (National tenant body)



- **People who spend more time in the home.** Increased energy costs in particular will impact disproportionately on those who either do not have the resources, or are less able for other reasons, to spend time out of the home. This includes unemployed people, people with ill-health, and some people with disabilities. These households are also likely to experience more serious health consequences from not being able to heat homes.
- **People with disabilities.** It was reported that many people with disabilities were finding it particularly difficult to get by, and that this is reflected in their greater use of foodbanks. Spending more of their time at home was a key contributory factor which exacerbated difficulties. An unfavourable benefit environment, with the roll-out of UC highlighted as being particularly problematic, was another key factor reported to have contributed to rent arrears amongst these groups.
- **Women, and lone mothers in particular:** women occupy a weaker economic position than men in the labour market, and so are more likely to be poorer. Combined with the fact that women are more likely to be the main carer for children and other dependent relatives, this leaves women disproportionately reliant on social housing and on welfare benefits, as well as being more vulnerable to wider economic shocks. Picking up on the point made earlier about the erosion of financial resilience during the pandemic, one stakeholder referenced evidence generated by her organisation that this applied in particular to lone mothers. Women tend to have more responsibility for managing household budgets and are more likely to be the head of lone parent households - and so bear the consequences when financial circumstances prove difficult. Mothers were described by one respondent as the 'shock absorbers' of poverty (see boxed quote).
- **Tenants who pay for their energy using pre-paid meters.** Unlike their counterparts who pay by Direct Debit, they will not be able to spread their energy costs over a year, resulting in very high energy bills in the winter months.

"Those who manage the budgets, in particular, in low income households, we know that women are more likely to do that. When resources are scarce, and the mental toll that that takes. When you have to make, you know, impossible decisions, basically, on where to allocate the money. And that's certainly something also that came out from the pandemic. Women's mental health deteriorated to a higher degree than the male peers, and parents, or mothers, more so than childless women. They are what we call the 'shock absorbers' of poverty. So, again, when resources are scarce, they tend to go without, to feed others or to heat others or to provide for others. I think that's important in the context of the cost-of-living crisis." (Independent women's group)

"There's the kind of group that flip and flop between work and Universal Credit. So, one week they might be claiming; you see one week they might not. And I think that's what we see quite a lot. People's income isn't stable. They fluctuate much more. So, they, you know, the point at which they do a survey [for the support agency], they could not be at work, but actually three months ago they were. And so that's what I would be looking at is the interaction for that group who kind of moved between work and claiming Social Security and who might be in insecure work." (Social justice charity)

Stakeholders identified another group which had been hard hit by the COVID-19 pandemic and the cost-of-living crisis: low paid, in work (but not currently on benefits) tenants. Their employment was often 'precarious' with many on zero hours contracts. Tenants who had been claiming benefits, and UC, in particular, and who had been 'on and off benefits' (and in and out of work), resulting in their income

fluctuating, had been particularly hard hit by recent financial stressors (see boxed quote). One stakeholder called for the study to explore the experience of members of this group.

2.3. The importance of landlord/ tenant communications

There was a consensus amongst stakeholders that the nature and form of landlord/ tenant communications impacts on rent arrears by influencing tenants' rent (re)payment behaviour. They highlighted a number of issues that will be examined throughout the remainder of the research:

- **In person communication, such as face-to-face interactions (especially) and telephone calls, was seen as being more effective than automated (standardised) communications.**

There were a number of reasons for this. First, many tenants reportedly ignored automated communications, such as standard rent arrears reminder letters or rent payment reminders sent by SMS. Second, and linked to this, it was reported that in-person communication resulted in more tenants engaging with landlords. One factor that deterred tenants from engaging with their landlord was the stigma that many felt was associated with being a social housing tenant (see boxed quote) – personal communication with officers mediated this (to some extent), making tenants more likely to contact their landlords when faced by a financial crisis or other challenging circumstances. Third, and linked to this, personal communication provided landlords with an opportunity to 'get to know their tenants who engaged with them better', alerting them to any difficulties that they were facing (often, as soon as they happened) and, critically, when support was needed to help them pay their rent/ repay arrears. Finally, personal communication was seen as being a more effective way of engaging with those groups, who, historically, are less likely to engage, such as tenants with literacy issues, some black and minority ethnic households, and those with health issues.

"If you're just a general needs housing tenant then you're less likely to be believed. And I think there is an underlying stigma which is something that comes up all the time when you talk about social tenants and their relationships with their landlord. [There is] the underlying stigma of people living in social housing and the way that society views those people that live in social housing." (Social justice charity)

"I was working as a generic housing officer who did income along with everything else. And you'd imagine that those people [generic officers] who've got that definitely would know their tenants better like I used to. It's very much an individual judgement based on a lot of other information and the interaction you're having with people. That's not perfect, obviously. But that is very different from just looking at your spreadsheets. And I suspect the best will be a combination of both [generic and specialist officers] - some specialist income people talking to some housing officers go: "Right: what's going on with Mrs Smith? Do you know anything?" (National social housing landlords' representative body)

"They ['generic', key workers] help people if they're really struggling to link in with services. So, there's one person that is like a key worker, I guess. But it's informal so it's not a big scary department. It's not a brown envelope coming through the post." (Social justice charity)

- **Personal communication between landlords and tenants is more effective when fewer officers are involved in the process.** For very good reasons, social housing landlords have always employed a mix of 'generic' housing officers, who have a broad remit such as the neighbourhood/ estate officers, as well as specialist staff, such as rent collection, arrears recovery, and tenancy support officers. However, it

was reported that an over reliance on specialist officers mitigated against landlords compiling a rounded and detailed picture of the tenancy sustainment challenges faced by tenants, because they had to tell their ‘stories’ to more than one officer. Tenants were more likely to share their story with one (‘key worker’) officer, than several (see boxed quote).

- **The deployment of ‘generic’ (‘key worker’) officers in the community facilitated landlord/ tenant communication.** It was reported that because of their size and their origins in local communities, smaller landlords were more likely to employ this approach (see boxed quote).
- **A number of stakeholders highlighted their concerns with digital communication, which was becoming increasingly commonplace, as some tenants found it very difficult/ impossible to communicate in this way.** This was particularly problematic for those tenants whose landlords placed particular emphasis on digital communication. Tenant groups that were reported to find digital engagement problematic included: older people; tenants with learning difficulties, and, those without adequate access to the internet/ smartphone/ a PC.
- **The language used by landlords in their written communication with their tenants was highlighted as being important.** There was recognition that it could affect rent (re) payment rates but a lack of understanding in what ways it did so – a number of stakeholders called for more research on the subject. While many landlords are keen to emphasise their social role, there may be a disconnect between language and practice, with interventions and communications deployed that are more commercially, than socially, oriented. There was also concern about the use of the term ‘customer’ in the context of tenants having very little opportunity to exert the ultimate consumer right – to take their custom elsewhere and switch to another landlord.

2.4. How should we define ‘tenancy sustainment’? Is it about more than just paying the rent?

In its simplest form, sustaining a tenancy involves maintaining rent payments so that tenants do not accrue arrears and risk eviction. However, the ‘perfect storm’ of the cost-of-living crisis, welfare reforms and the personal financial consequences of the pandemic, means that people’s experience of home and the conditions of their home are likely to deteriorate as households struggle to meet their basic needs. Can we say that someone is ‘sustaining their tenancy’, if, for example:

- They are unable to live a comfortable and happy life within their home?
- They are unable to cook meals due to the cost of energy?
- The condition of their home adversely affects their health (for example, due to being cold and damp with heating unaffordable)?

This is an important question if we consider that some social housing tenants have their HB (or the housing component of UC) paid direct to the landlord in an arrangement termed a ‘Managed Payment to Landlord’ (MPTL). Currently, just over 30 per cent of social housing claimants are on MPTLs. These tenants cannot accrue arrears because the ‘rent’ payment (the HB) is paid directly from the local authority (in the case of HB) or the Department for Work and Pensions (in the case of UC) to the landlord so there is no opportunity for tenants to ‘borrow’/use that money for other expenses such as utility bills or food.^{iv} These households

may not be at risk of eviction due to rent arrears and so may be ‘sustaining a tenancy’ in basic terms, but if they are not *“heating or eating”*, as one stakeholder put it, can we really call this a successfully sustained tenancy?

This is a question for the study team to take forward into the research. It is also a question that is prompting social landlords to broaden the scope of tenancy support, to think in terms of promoting ‘healthy, happy and stable homes’, rather than just a balanced rent account.

2.5. The financial pressures on households, such as the cost-of-living crisis and welfare reforms, also bear down on social landlords

The financial pressures on households that drive rent arrears and, ultimately, tenancy failure, also have an impact on social landlords. Welfare reforms, such as the introduction of direct payment of HB to tenants and the ‘bedroom tax’, had financial consequences for social landlords as well as individual households because of the increased risk of rent arrears.^v Landlords alongside their tenants are now facing higher energy costs in their offices and housing schemes, increased maintenance and materials costs for repairs, improvements and developments, and interest rate rises on borrowing, once fixed rate loans come to an end. They may also be considering staff wage increases to align with inflation.

Social landlords, therefore, have a choice of whether to increase rents to generate additional revenue (impacting on rental costs for existing tenants), or absorb a large budget shortfall. However, their autonomy will be limited by the introduction of a rent cap imposed by central government - at the time of writing government was considering limiting social housing rent increases to between three and seven per cent. With a rate of inflation of 10 per cent (at October 2022), there would be a significant shortfall in social landlord budgets. One stakeholder described these rising costs, alongside rent capping as *“20 times worse than welfare reform”* for landlords and several stakeholders suggested that some social housing providers would not survive as independent organisations (see boxed quote).

For tenants struggling with the rising cost-of-living, a rent rise is likely to compound financial precarity^{vi} but the financial health and viability of (some) social landlords, might be undermined without the very rent rises that some of their tenants cannot bear. Increased costs, particularly when combined with a rent cap is likely to affect landlord’s repairs and maintenance services, plans for retrofitting, and development programmes, to the detriment of both existing and future tenants. Further, it was suggested that the ancillary support services and initiatives that tenants need most at this time, might be those very ‘extras’ that landlords can no longer afford, as they struggle to balance their books; and the forbearance that helps tenants in arrears avoid eviction might dissipate as landlords have to raise levels of rental income.

“So, if you are an organisation that’s charged lower than average rents and you are still subject to 10 to 20% cost inflation on most of your activities. And you accept a permanent diminution in your rent growth. They kind of slowly squeezes the living daylight out of you.....Just with rent caps - we’ll see a spate of mergers. And the first in the queue will be those that have got big fire safety bills.” (Lender to social landlords)

One of our members said if there’s a 3% rent cap they’ll lose over £100 million over the life of the 10 year business plan...That’s the retrofit bill. So, it’s those kind of trade-offs. So, what will happen if there’s a big rent cap in amongst all the other economic uncertainties is that some organisations won’t be able to make it work (Social landlord member body)

3. Conclusion

Interviews with representatives of stakeholder organisations provided a valuable insight into the drivers of rent arrears, illuminating issues that the Holding on to home study team will explore throughout the remainder of the research. Many of these issues were highlighted by the evidence review – but some are new. Key questions include:

- How should ‘tenancy sustainment’ be defined and conceptualised?
- Has a ‘tipping point’ been reached in terms of social housing tenants’ ability to get by? How will tenants cope over the winter? And how will tenants who pay for their energy using pre-paid meters fare? What strategies will tenants put in place to ‘get-by’? Will they face a choice between ‘heating or eating’, and will they have to make other *“impossible decisions”*?
- Have some tenant groups been hit harder by the multiple financial stressors they have faced in recent years, such as the cost-of-living crisis, welfare reforms, and the COVID-19 pandemic? And how will the impact of these stressors affect these groups?
- What has been the impact of these stressors, and what will be their impact, on in-work (but not on benefits) social housing tenants, particularly those who inhabit a precarious position between work and unemployment, with their benefit (and employment) status changing on a regular basis?
- What is the impact of the continuing roll-out of UC on social housing tenants? And what is the impact of its key features on rent payment behaviour, specifically: direct payment; monthly payment; and, the five week wait for a first payment?
- In the face of a cost-of-living crisis, what will be the experiences of tenants whose benefit is paid to the landlord (that is, those UC tenants on a ‘Managed Payment to Landlord’ and HB tenants)? Unlike those who receive direct payment, these tenants cannot ‘borrow’ from their rent account when faced by a short fall in their budgets, a practice which was reported to be widespread.
- What is the impact of landlord/ tenant communications on tenancy sustainment? And ‘what works, when and how?’ in terms of the landlords’ approaches to communicating with their tenants?
- What impact does digital communication have on rent (re) payment behaviour?
- What are advantages and disadvantages in terms of landlord/ tenant communications (and, critically, gathering information about tenants’ circumstances) of the ‘generic’ and ‘specialist’ housing officer models? And ‘what, works, when and how?’ How should these roles operate together?
- What will be the impact of a rent cap on social housing landlords at a time when more tenants are likely to find it difficult to pay their rent? Will landlords scale back on support to help tenants sustain their tenancies? And will it result in less ‘personal’ communications between landlords and tenants?

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ⁱ For further information about the study, please see: <https://holdingontohome.org/>

ⁱⁱ Interviews were conducted between July and September 2022. A number of questions were explored in the interviews, including: How should tenancy sustainment be defined and understood? What is the current level/ pattern of rent arrears in social housing? Have they changed? Are they likely to change in the future? Are some tenant groups more likely to fall into arrears? Do some groups find it more difficult to sustain their tenancies? What are the key drivers of rent arrears? What is the impact of the cost-of-living crisis on social housing tenants' ability to pay their rent? What is its impact likely to be? What is the impact of welfare reforms and the COVID-19 pandemic? Does the way that landlords communicate with their tenants impact on rent payment behaviour? In what ways? What is the impact of the increasing digitalisation of the housing service impact on rent payment? What is 'good practice' in terms of tenancy sustainment? Which landlords could be described as being 'good practice'?

ⁱⁱⁱ Manzi, T and Bimpson, E. (2022) Drivers of Rent Arrears in Social Housing: an Evidence Review. Sheffield: Sheffield Hallam University. Available at: <https://holdingontohome.org/wp-content/uploads/2022/08/Drivers-of-rent-arrears-EV-Report.pdf>

^{iv} Claimants in receipt of 'partial HB' (i.e., only entitled to HB for part of their rent) or who have deductions from their HB (for example, for the 'bedroom tax') can accrue arrears because they have to make up the shortfall from other income.

^v Rent arrears affect social landlord budgets because revenue is reduced, but also because the overall level of arrears, must be maintained in order to continue to benefit from preferential loan agreements and interest rates.

^{vi} Tenants in receipt of full HB/Housing costs element of UC will be protected from rent rises as their benefit entitlement will increase in line with the rent rise.