



## *Emerging Insights Briefing No. 3*

# Tenancy sustainment in social housing: emerging insights from a survey of tenants

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## Key learning

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Earlier this year, more than 1,200 tenants were surveyed across three case study areas, as part of the *'Holding on to home: tenancy sustainment in social housing'* study: East Riding of Yorkshire Council; Southern Housing; and, Stockport Homes. This briefing highlights some **emerging insights** from the analysis of the survey data conducted to date. While these insights will be explored in a forthcoming Interim Report which will present the survey findings in full, in doing so, where possible, highlighting causality, it is possible to offer some key learning for landlords at this juncture:

- **Rent arrears is a poor measure of how difficult tenants find it to pay their rent** and the overall 'health' of a tenancy. Landlords therefore need to look beyond rent arrears, particularly when identifying those in need of support.
- **Nearly three-quarters (70%) of tenants we surveyed were encountering difficulties paying their rent** and many were only able to pay it by employing coping strategies, such as cutting back on their expenditure on food, heating, and essentials, and borrowing more. This will have implications for tenants' health and quality of life and their wider experience of 'home'.
- **As most of these strategies, such as selling possessions, are unsustainable** and most respondents had little or no savings, many tenants are at great risk of falling into rent arrears in the future.
- **The cost-of-living crisis is having a significant impact on tenants' ability to pay their rent.**
- Tenants who have automatic deductions from their benefit or earnings or have seen their income cut are more likely to encounter difficulties paying their rent.
- **Tenants on Universal Credit (UC) are more likely than their counterparts on Housing Benefit to be in rent arrears.** This highlights the importance of providing support to UC claimants, particularly as they transition on to the benefit.
- Some tenants find it difficult to communicate with their landlords about their rent, with, significantly, those that do being more likely to be in arrears. Anxiety and the stigma associated with financial problems appears to be at the heart of many tenants' reluctance to contact their landlord when they fall into arrears. For landlords looking to engage with tenants who have fallen into arrears, these barriers to engagement are more difficult to address than technical ones such as digital poverty and, to a lesser extent, digital capability. Given the importance that many landlords place on tenants engaging with them when they fall into arrears, with many committed to not evicting tenants who engage, this presents a major challenge for landlords.
- When having conversations with their landlord about their rent, most (nearly six out of ten) tenants prefer to talk over the phone, with only one in ten preferring face-to-face interaction.

## 1. Introduction

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Earlier this year, more than 1,200 social housing tenants were surveyed across three of the ‘*Holding on to home*’ case studies: East Riding of Yorkshire Council; Southern Housing; and Stockport Homes<sup>i</sup>. **This ‘emerging insights briefing’ presents some initial findings from the survey. 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 largely descriptive analysis conducted to date. Detailed and comprehensive analysis will be provided in a forthcoming Interim Report, which will use inferential analysis and statistical techniques to explore causality, providing robust evidence on the drivers of rent arrears.

The briefing focuses on three insights that emerge from the analysis so far:

- Rent arrears is not a good measure of how difficult tenants find it to pay their rent and the ‘health’ of tenancies, as it significantly underestimates the proportion of tenants who encounter difficulties paying their rent.
- Three factors that appear to be related to rent arrears/ difficulties paying rent are the cost-of-living crisis (COLC), benefit and income deductions and reductions, and UC receipt.
- Some tenants find it difficult to communicate with their landlords. This is important because previous research suggests that landlord/ tenant communication is related to rent payment/ arrears and tenancy sustainment (Manzi and Bimpson, 2022<sup>ii</sup>). And an initial analysis of the survey data also supports this.

## 2. The inadequacy of rent arrears as a measure of how difficult tenants find it to pay their rent

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Rent arrears is not a good measure of how easy (or not) it is for tenants to pay their rent and significantly underestimates the proportion who encounter major difficulties doing so. Nor is it a good indicator of the ‘health’ of a tenancy. Some 9% of tenants in our survey were in rent arrears. However, 70% found it difficult to pay their rent or had put in place coping strategies to help them do so:

- More than one in five (21%) reported that they found it difficult to afford to pay their rent.
- More than three out of five respondents (69%) reported that they had employed at least one coping strategy in order to pay the rent in the last 12 months.
  - These included making cutbacks on their expenditure: tenants had cut back on their spending on heating (45 %), food (43%) and other essentials (34%). Notably, 22% had reduced their expenditure on all three.
  - Respondents employed other coping strategies: 9% reported that in last 12 months that they had sold possessions in order to raise extra cash to pay their rent; 5% had taken out new loans from commercial lenders; 5% had increased the amount owed on a credit card or overdraft; 5% had delayed making payments on money owed; and, 19% had borrowed from friends, family, or other individuals.

Most of these coping strategies are unsustainable – for example, credit card borrowing limits may be reached and tenants may run out of possessions to sell. This, coupled with the fact that exactly two thirds of tenants who were prepared to reveal whether or not they had savings<sup>iii</sup> had none, with most of those

who did having relatively small amounts (only 14% had savings of £1,000 or over), means that many tenants are at risk of falling into rent arrears in the future.

### 3. Factors related to rent arrears and difficulties paying rent

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Initial analysis of our survey of social housing tenants has identified three factors that correlate closely with difficulties paying rent. These are: the COLC; benefit and income deductions and reductions; and, UC receipt.

#### 3.1. The cost-of-living-crisis

Our survey findings suggest that the current COLC is having a considerable impact on social housing tenants' ability to pay their rent. Only 14% of respondents said they were unaffected, and there is a clear correlation between those affected by the crisis and those struggling to pay their rent:

- 78% of those who find it 'very difficult' to pay their rent reported being 'very much' affected by the COLC (compared to 13% who find it 'very easy' to pay their rent).
- Virtually all of those struggling to afford their rent reported being affected by the COLC: only 2% reported not being affected by the crisis at all. In contrast, 36% who find rent 'very easy' to afford reported not having been affected at all by the COLC.

Looking just at those tenants currently in rent arrears, a similar picture emerges, with those in arrears more than twice as likely to be affected greatly by the COLC than those not in arrears: 50% of tenants in arrears reported being 'very much' affected by the crisis compared to 22% of tenants not in arrears. Indeed, when asked to identify all the reasons for falling into arrears, 'rising prices' was the most common reason cited (49% of those in arrears).

The COLC is also intensifying and deepening the sacrifices that tenants are making in an effort to avoid arrears that might put their tenancy at risk. As highlighted above, many tenants are employing coping strategies in an effort to avoid falling into arrears. One of the most notable findings from the survey is the correlation between those most affected by the COLC and those who had employed at least one coping strategy in order to afford their rent.

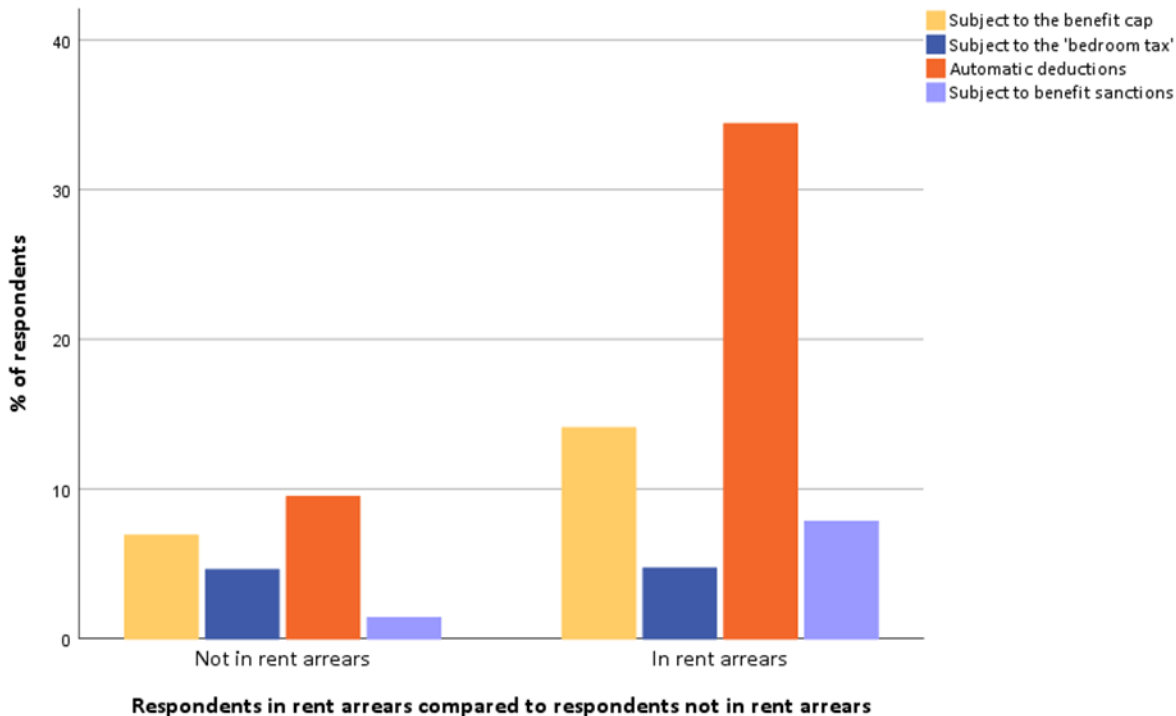
Of the 50% of respondents affected 'very much' or 'quite a lot' by the COLC, 83% had employed at least one coping strategy. Around three-quarters (74%) had made essential expenditure sacrifices such as cutting back on food or heating in order to pay the rent, and 75% had employed other short-term strategies such as selling personal items, borrowing from friends or family, increased the amount owed on a credit card or overdraft, and delayed making payments on money owed in order to pay their rent.

#### 3.2. The impact of benefit and income deductions and reductions on rent arrears

Reduced income as a result of welfare reforms or automatic deductions were strongly related to rent arrears. Figure 1 shows that tenants in rent arrears are much more likely to be subject to the benefit cap and to benefit sanctions (but not the 'bedroom tax') than those who are up to date with their rent. However, the standout finding here is the correlation between rent arrears and automatic deductions from earnings or benefits, including paying back Council Tax arrears, a benefit advance or overpayment, or a DWP loan. Whilst 9% of those in rent arrears have a benefit sanction, and 18% of those in rent arrears are

subject to a benefit cap, 37% of those in rent arrears are subject to automatic deductions from benefits or earnings. It is worth noting that the vast majority of these were in receipt of benefit income only, and were mostly carers or unemployed.

**Figure 1: Whether tenant is in rent arrears or not by benefit/income reduction and deductions (n<sup>iv</sup>=185)**



### 3.3. The impact of UC on rent arrears and difficulties paying rent

Our survey findings suggest that being on UC rather than Housing Benefit (HB) increases the risk of finding it difficult to pay the rent, including rent arrears:

- UC claimants were twice as likely to be in rent arrears as HB claimants (14% compared to 8%)
- UC claimants were more likely to report difficulties affording their rent than those on HB (27% of those on UC find it 'quite' or 'very' difficult to afford the rent, compared to 14% on HB).

The difference between UC and HB claimants is slightly more pronounced when UC/HB covers all of the rent compared to when it only covers part of the rent. For example, where UC/HB covers all of the rent, nearly twice as many UC recipients as HB recipients were in arrears (10% compared with 5%) but this difference reduces to around one third when we compare arrears rates amongst 'partial' UC and HB recipients (17% and 12%, respectively).

## 4. Communicating with tenants

The survey asked respondents whether or not they found it difficult to communicate with their landlord about their rent. The majority (92%) reported that they did not find it difficult but 94 tenants (8%) reported that they did. This group were asked why this was the case. Perhaps surprisingly, relatively few tenants cited reasons related to digital access/ capability: 9% reported that they did not understand how to communicate digitally, with 6% reporting that they had no access to the internet.

The three most common reasons why tenants found it difficult to communicate with landlords related to their emotions, anxieties, and stigma: 23% reported that they were ‘nervous about contacting their landlords’; 11% highlighted that they were ‘worried to open/ read letters from their landlords’; and, 12% reported that they were ‘too embarrassed to contact their landlord about their rent’. It is also important to note that tenants who reported that they were nervous about communicating with their landlords were more likely to be in arrears: 41% compared to 9% of the sample as a whole. A similar picture emerged for those tenants who reported that they were too embarrassed to contact their landlord, with 36% in arrears. However, as noted earlier, one cannot infer causality from these insights, and they will be explored further in the Interim Report.

Tenants were asked how they would like their landlords to communicate with them, with their response provided in the table below. The most commonly cited response was by telephone (58% of all respondents). Notably, only 10% preferred a face-to-face conversation.

**Table 1. How would you prefer your landlord to communicate with you about your rent (including arrears)? (n=1,213)**

Communication medium	% of respondents
In writing - Letter	34
In writing - Email	26
In writing - Text message	5
In writing - Webchat	0 <sup>v</sup>
By telephone	58
In person through a face-to-face conversation	10
Through social media [e.g. Facebook]	0 <sup>vi</sup>
Other	1

## 5. Conclusion

This briefing has spotlighted some early findings from our survey of over 1,200 social housing tenants in England. A thorough and technically sophisticated analysis of this important dataset is still underway, but these headline findings already provide valuable learning about the financial constraints facing social housing tenants – for example, the COLC, changes to the benefit system, or deductions from their benefit and earnings - and the impact on tenancy sustainment. There is strong indication, to be tested through further analysis of the survey, that these are key drivers of rent arrears. What has emerged very clearly, however, is that ‘rent arrears’ are just the tip of an iceberg wherein many more people are struggling to pay their rent, and doing all they can to maintain their rent payments, even if it means cutting back on food, selling possessions, getting behind with other payments, and incurring greater debt. Indeed, this applied to the majority of survey respondents, suggesting a potentially large but mainly invisible cohort of social housing tenants ‘at risk’ of falling into arrears.

In this context it is important for landlords to engage with tenants so that preventative action can be taken, and tenants can access the support and advice they need. It is concerning, therefore, that it is those tenants in rent arrears who feel the most worried and nervous about communicating with their landlord, especially when we consider that ‘tenant engagement’ can be a prerequisite for halting possession proceedings. Some efforts may therefore be required to address the stigma associated with financial difficulties in order to allay these anxieties. These and other issues will be explored further in a forthcoming interim report which will detail the results from the full analysis of the tenant survey. In-depth interviews with tenants are also underway which will provide more nuanced insights, to be reported in the final outputs from the ‘*Holding on to home*’ study in 2024.

## About the authors

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<sup>i</sup> The survey involved 1,213 tenants being interviewed by researchers from Qa Research between April and June. In East Riding, where 293 interviews were conducted, interviewing took place in Beverley; Goole; Withernsea; and, Bridlington. In Stockport (465 interviews), interviewing took place in Brinnington, Reddish, and Lancashire Hill. Finally, in Southern Housing (455) interviewing took place in the following areas of London: Lansdown Green; St Martins; Warner Road; Dawson’s Heights; Ixworth Place; Wanston Place; East Village, Olympic Village; and, Beckton. The survey lasted 15 minutes and explored a range of issues, including: tenants’ financial circumstances; rent payment/ rent arrears/ difficulty of paying rent; approaches to money management; and, landlord/ tenant communication

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

<sup>iii</sup> 144 refused to do so

<sup>iv</sup> Number of observations

<sup>v</sup> n=3

<sup>vi</sup> n=2