

Shelter Scotland briefing 'No DSS'

October 2017

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SUMMARY

- Shelter Scotland commissioned research undertaken by Beth Watts and Adam Stephenson (I-SPHERE, Heriot-Watt University) into the prevalence of, and reasons behind, landlord attitudes to renters who receive Housing Benefit.
- The research shows that there is strong evidence that 'No DSS' policies are a significant issue for many private renters in Scotland. Around one in five private renter households claim Housing Benefit and two thirds of private landlords would prefer not to let to tenants who claim Housing Benefit.
- The willingness of landlords to let to tenants who claim Housing Benefit depends on a variety of factors including: where they rent out their properties, how many properties they rent out, what type of properties they rent out and whether they use a letting agent.
- The reasons given for not accepting tenants who claim Housing Benefit include:
 - problems with the level of Housing Benefit,
 - problems with the administration of Housing Benefit
 - policies used by mortgage lenders and insurers,
 - the wider regulatory context in which landlords operate, and
 - beliefs about claimants (a combination of stigma and past experiences),
- There are a range of policy measures which could be introduced to improve things for renters who claim housing benefit including:
 - reverse UK government welfare reforms which have reduced the level of Housing Benefit paid to private tenants,
 - use the Scottish Government's powers over benefits payments to improve access to the private rented sector,
 - make sure the administration of Universal Credit and Housing Benefit is effective,
 - Introduce a ban on blanket 'no DSS' policies,
 - Introduce regulation and codes of practice to improve landlord and letting agent practice in letting to tenants who receive Housing Benefit,
 - provide support and incentives to landlords to let to tenants who claim Housing Benefit,
 - make sure sufficient support is available to private tenants who need it,
 - support and scale up schemes which help vulnerable tenants access the private rented sector.

BACKGROUND

Private renters have been raising issues they experience in renting or trying to access private rented accommodation, as part of Shelter Scotland's Private Renting Project. A common issue that many renters have reported is problems in accessing and holding on to homes in the private rented sector due to landlord and letting agent attitudes towards tenants who are in receipt of benefits, principally Housing Benefit. This practice is commonly known as employing a 'No DSS'¹ policy.

¹ DSS refers to the Department for Social Security, which was replaced by the Department for Work and Pensions (DWP) in 2001.

The scale of this problem is significant: the private rented sector in Scotland is growing and it is now home to 15% of households in Scotland, up from 5% in 1999². It is increasingly seen to play a role in accommodating lower income households, including those in receipt of benefits; approximately a fifth of private renters in Scotland receiving help to pay their housing costs through Housing Benefit.³

To provide further insight Shelter Scotland commissioned research undertaken by Beth Watts and Adam Stephenson (I-SPHERE, Heriot-Watt University) into the prevalence of, and reasons behind, 'no DSS' policies.⁴

This Shelter Scotland briefing provides a summary of the research findings including the options highlighted by the research that may help to mitigate the issue. The briefing concludes by laying out the next steps to improve private renting for renters who receive Housing Benefit.

THE RESEARCH

The research was commissioned by Shelter Scotland. The main aim was to understand landlord and letting agent attitudes to prospective tenants in receipt of benefits, with a view to informing policy developments to address any barriers this group face accessing privately rented accommodation in Scotland. The researchers compiled and analysed the available evidence. This included both academic studies involving primary data collection and analysis, and industry evidence, including surveys of landlords and tenants, landlord panels and qualitative research.

WHAT DOES THE RESEARCH SHOW?

Landlord and letting agent attitudes to benefit recipients

There is strong evidence that a majority of landlords prefer not to let to tenants who are in receipt of housing benefit or are out of work. This finding was apparent in research on landlord preferences, landlord practice, advertisements for private rented accommodation, and from the experience of tenants who were in receipt of Housing Benefit and were seeking a private let.

The proportion of landlords and letting agents unwilling or preferring not to let to this group appears to be rising. This is linked to welfare reforms limiting entitlements to Housing Benefit. Even among landlords still willing to let to these groups, more stringent financial vetting procedures have been adopted.

The research found that landlords are less willing to house benefit recipients if:

- they have smaller portfolios or are individual landlords (versus landlords with larger portfolios and company landlords);
- they use a letting agent (due to more stringent financial checks);
- they're in a tighter housing market (such as London and the South of England), though within such markets there are nevertheless Local Housing Allowance submarkets.

² Scottish Government, Scotland's People Annual Report: Results from the 2016 Scottish Household Survey, <http://www.gov.scot/Publications/2017/09/9979>

³ 'No DSS': A review of evidence on landlord and letting agent attitudes towards tenants who receive Housing Benefit; A report for Shelter Scotland by Dr Beth Watts and Adam Stephenson, I-SPHERE, Heriot-Watt University, July 2017

https://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/no_dss_report

⁴ 'No DSS': A review of evidence on landlord and letting agent attitudes towards tenants who receive Housing Benefit; A report for Shelter Scotland by Dr Beth Watts and Adam Stephenson, I-SPHERE, Heriot-Watt University, July 2017

https://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/no_dss_report

Landlords seem slightly more willing to house those in receipt of benefits in Scotland than in England.

The findings show that a significant proportion of landlords are reluctant or unwilling to let to tenants who receive Housing Benefit. This adds weight to the concerns raised by private renters to Shelter Scotland and has real consequences for how accessible the private rented sector is.

Drivers of landlord reluctance to let to those in receipt of Housing Benefit

The evidence showed that there are a number of factors contributing to a significant proportion of landlords being reluctant or unwilling to let to tenants in receipt of Housing Benefit.

Significant material barriers and disincentives were identified as well as factors related to landlord perceptions and attitudes which could be challenged. Factors included:

- material disincentives relating to how Housing Benefit, Local Housing Allowance and Universal Credit are paid and the level at which they are paid;
- landlord beliefs about benefit claimants (likely based on a combination of past bad experiences and negative views reflecting broader stigma towards this group);
- mortgage and insurance provider restrictions or premiums; and
- other regulatory and financial factors squeezing the profitability of private renting and incentivising landlords to pursue more lucrative letting strategies or disinvest from the sector.

The research found strong evidence which suggested that the post-2010 welfare reforms were driving an increasing reluctance to let to tenants who claim Housing Benefit. This was set in a context where landlords' preferences were already limiting access to tenants in this group.

Improving benefit recipient access to the private rented sector

The research explored the legality of 'No DSS' practice. It noted that refusing to let to prospective tenants in receipt of social security benefits is lawful under UK-wide equalities law. This is because income level, income source and employment status are not 'protected characteristics' under equalities legislation. However, the legislation does protect against indirect as well as direct discrimination, therefore 'No DSS' practices could be considered unlawful where they disproportionately impact on groups with protected characteristics.

The research explored several ways in which landlord and letting agent attitudes, beliefs and practice could be changed, including via legislation, by incentives and support for landlords as well as removing some of the barriers in place, support for tenants, and by other changes to the context in which landlords and letting agents operate.

It was concluded that to make a robust and substantial impact, action is required across several of these kinds of interventions.

However, the researchers do note that it is unlikely that any of the interventions considered in this chapter would be effective in a context where benefit payments do not adequately cover market rental costs. Research with landlords indicates acceptance of a degree of social responsibility, but only in so far as this can be achieved in line with their business interests.

Possible options to improve benefit recipient access to the private rented sector are laid out below:

- 1. Reverse UK government welfare reforms which have reduced the level of Housing Benefit paid to private tenants.**
- 2. Use the Scottish Government's powers to improve benefit recipient access to private rented housing, e.g. by increasing financial support via Housing Benefit payments and financial help in emergencies.**
- 3. Work to ensure that the administration of Housing Benefit and Universal Credit is responsive and effective, i.e. that housing cost elements are paid on time and are accurate.**
- 4. Make the selection of tenants on the basis of their source of income an illegal form of discrimination in Scotland, subject to enforcement via the courts and sanction of fines.**
- 5. Enhance regulatory measures governing the private rented sector.**

For example:

- extend the Letting Agent Code of Practice and associated letting agent training to cover selection against those in receipt of benefits, and in particular encourage letting agent reflection on whether financial checks used to screen prospective tenants strike an appropriate balance between safeguarding landlords' interests and enabling reasonable access for lower income households.
 - introduce a Letting Code of Practice for private landlords under the Antisocial Behaviour etc. (Scotland) Act 2004.
 - encourage landlords to seek voluntary accreditation, for example with the Scottish Association of Landlords and Landlord Accreditation Scotland, and make sure these voluntary codes of practice adopt high standards in this area.
- 6. Focus on enabling and encouraging landlords to let to tenants who receive Housing Benefit.**

Suggestions include:

- increasing the support and guidance available to private landlords,
 - removing or reducing barriers around insurance and mortgage restrictions which either prevent landlords from letting to tenants who claim Housing Benefit or increase premiums for landlords who do,
 - considering financial incentives to encourage landlords to let to tenants who claim Housing Benefit.
- 7. Ensure that private tenants in need of support (e.g. with budgeting skills, tenancy management etc.) receive it, and raise awareness of this support amongst tenants and landlords/letting agents.**
 - 8. Support and scale up 'Private Rented Sector Access schemes' which support vulnerable households to access and sustain private tenancies.**

This support would be both financial and personal and provided to the tenant before and during the tenancy. For landlords this support would include rent deposit guarantees which would cover rent arrears or property damage for tenants who cannot afford it themselves and Social Letting Agencies (not-for-

profit organisations run by local authorities, other public bodies, housing associations or charities) to improve benefit claimant access to private renting.

CONCLUSION AND NEXT STEPS

This research shows that the experiences highlighted through our engagement with private tenants are not just solitary, unfortunate incidents but that there is strong evidence that landlords and letting agents prefer not to let to tenants in receipt of benefits, in particular Housing Benefit, or who are out of work. This is a situation which appears to be getting worse due to UK government welfare reforms which have specifically targeted the private rented sector.

There are, however, a number of different steps that might be taken to mitigate this practice, both by removing some of the material barriers in place – for example by making sure Housing Benefit fully covers rental payments – and by changing landlord and letting agent preferences. The evidence considered by the researchers also shows that no single measure will be enough reduce the barriers in place for tenants who receive Housing Benefit, and that a combined series of actions are required to improve access to the private rented sector.

Shelter Scotland will now seek the views of private tenants to assess which options should be pursued to improve benefit recipient access to the private rented sector.

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

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