COVID-19
housing and the housing market:
Synopsis of events and evidence to date, with a focus on Northern Ireland

Housing Executive

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In early summer 2020, the Housing Executive Research Unit set out to examine the impact of the COVID-19 pandemic on housing, both in Northern Ireland and, more widely, in the UK and Europe.

This, the resulting report, is a synopsis of research findings, news reports, analysis and commentary collated over a number of weeks in June, July and August 2020 and based on the most up-to-date information available at the time of writing

It begins by looking at the literature concerning the impact of the crisis on the economy and on housing in particular, as well as the policy interventions adopted across the UK. There is a section on the impact of the coronavirus on European countries. Finally, the impact of COVID-19 on the Northern Ireland economy and the effect it may have on social housing, the private rented sector and the owner occupier sector, as well as policy measures put in place and the challenges faced by policymakers in the region, are examined in detail.

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1.0 Introduction: Coronaviruses and COVID-19

Coronaviruses are a family of viruses that cause illnesses ranging from the common cold to more serious diseases such as Severe Acute Respiratory Syndrome (SARS-Cov). The 2019 *novel coronavirus* was a new strain that had not previously been seen in humans, and caused viral pneumonia (European Lung Foundation, 2020).

The technical term for the *virus* is SARS-CoV-2 (severe acute respiratory syndrome-related coronavirus 2). 'COVID-19' (short for 'coronavirus disease 2019') refers to *the disease caused by* this particular coronavirus (ELF, 2020).

The World Health Organisation (WHO) was first informed of a cluster of cases of *pneumonia of unknown cause* detected in Wuhan City, Hubei Province, China on 31 December 2019. Subsequently, on 12 January 2020, it was announced that a novel coronavirus had been identified in samples obtained from cases, and that initial analysis suggested this virus was the cause of the pneumonia outbreak (Public Health England, 2020).

The first recorded case of COVID-19 outside China was confirmed in Thailand on 13 January 2020, and by 30 January a total of 7,818 cases had been confirmed worldwide, including 82 cases in 18 countries outside China. Concerned at 'both…the alarming levels of spread and severity, and…the alarming levels of inaction', the WHO made the assessment on 11 March 2020 that COVID-19 could be characterised as a pandemic (WHO, 2020a).

Speaking at the media briefing where the pandemic status was announced, the Director General of the WHO noted that the organisation had 'called every day for countries to take urgent and aggressive action'. He emphasised that countries should take a 'whole-of-government, whole-of-society approach, built around a comprehensive strategy to prevent infections, save lives and minimize impact' (WHO, 2020b).

By 13 March, the WHO noted that Europe had become the epicentre of the pandemic, with more reported cases and deaths than the rest of the world combined, apart from China, and on 14 April it was reported that more than a million cases of COVID-19 had been confirmed worldwide (WHO 2020b).

According to the European Centre for Disease Prevention and Control (ECDC), between 31 December 2019 and 9 August 2020, 19,624,044 cases of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) had been reported, including 726,953 deaths (ECDC, 10 August 2020). By this time, cases had been recorded in almost every country across the world, with only a minimal number of countries, including Turkmenistan and North Korea, having had no cases reported by the World Health Organisation (WHO) and none identified in the public domain.

Statistics published by the UK Government indicated that at 9 August 2020, a total of 310,825 people in the UK had had a lab-confirmed positive COVID-19 test result, and there had been 46,574 deaths, in total, of people who had had a positive test result. By that point, the seven-day rolling average number of daily deaths in the UK of people who had had a positive test result had fallen from a peak of over 800 to eight (UK Government, 2020a). The total number of deaths with COVID-19 in the UK was subsequently revised down, by more than 5,000 (12%) to 41,329, following a review of how deaths had been recorded in England (BBC News, 12 August 2020).

The information available on 10 August 2020 showed that, of the total 158,666 individuals with a lab completed test for COVID-19 in Northern Ireland, there had been 6,140 positive tests. The total number of deaths reported by Health Trusts via the Department of Health at the most recent reporting period on 10 August 2020 was 557 (Department of Health, 2020)[1]. However, the COVID-19-related death statistics published by NISRA, which are based on *death registrations*, and include deaths that occurred in hospitals, care homes, hospices and at residential addresses, indicated that by 31st July there had been a total of 855 COVID-19-related deaths in Northern Ireland (NISRA, 2020d).[2]

People aged over 70 and those with underlying health conditions, such as hypertension, diabetes, cardiovascular disease, chronic respiratory disease and cancer, are considered to be at greater risk of developing severe COVID-19 symptoms (ECDC), 2020).

1.1 The response to COVID-19

In line with the approach advocated by the World Health Organization, Allas et al's detailed analysis of the impacts of COVID-19 in the UK notes that, in seeking to slow the spread of the virus, governments around the world have taken dramatic measures, with significant implications for economic activity. The United Kingdom declared a lockdown on 23 March 2020, to control the COVID-19 pandemic and while, at the time of writing, this appears to have helped curtail the public health crisis, it has taken a toll on the economy.

Allas et al's analysis, for McKinsey, was published in May and set out a number of stark findings on the developments during the initial weeks of the pandemic response, including:

- around 7.6 million jobs, representing 24% of the UK workforce, were thought to be at risk because of the COVID-19 lockdown
- people with the lowest income were the most vulnerable, with nearly 50% of all

[1] The daily updates provided by the Department of Health count the number of deaths reported by Trusts, where the deceased had a positive test for COVID-19 and died within 28 days, whether or not COVID-19 was the cause of death.

[2] The weekly provisional death statistics published by NISRA are based on death registration information collected by the General Register Office and count all deaths where COVID-19 was mentioned on the death certificate by the doctor who certified the death, whether or not COVID-19 was the primary underlying cause of death. The figures include cases where the doctor noted that there was suspected or probable coronavirus infection involved in the death.

the jobs at risk being in occupations earning less than £10 per hour
- similarly, greater proportions of jobs (ranging from 23% to 29%) were at risk in lower income sub-regions (such as Blackpool)
- the impact – and *likely* impact – on jobs varied considerably across sectors: based on the situation in early April, almost three quarters (73%) of workers in the accommodation and food services sector were estimated to have been furloughed, and 68% of the positions in this sector were judged to be at risk of furloughs, lay-offs or reductions in hours/pay due to distancing measures; however, only 13% of employees in the professional, scientific and technical sector had been furloughed
- in a typical lockdown week in May 2020, economic activity, as measured by GDP, was estimated to be down roughly 30% from February 2020 levels
- according to the Office for National Statistics, in the weeks from 6 to 19 April 2020, 23% of businesses had temporarily closed or paused trading
- Around 60% of businesses that continued to trade reported a fall in revenues.

The report concluded that economic activity would recover as lockdown restrictions were lifted, but the speed and patterns of this recovery were likely to be highly uncertain and to vary by sector.

1.2 Consequences of the lockdown

In McKinsey's midpoint scenario, UK GDP in 2020 is expected to shrink by nine per cent overall (Allas et al, May 2020). Such a rapid fall in output has significant implications for employment and Allas et al estimated that in the weeks from 6 to 19 April 2020, around 22 per cent of the UK's working age population, or nine million people, had been furloughed.

At that time, less than one per cent of businesses reported ceasing to trade permanently or having laid off staff. However, the knock-on consequences of the lockdown were anticipated to result in significant job losses and businesses' ability to continue to employ and pay workers was expected to be particularly precarious when government support started to be withdrawn. In the four weeks from 16 March, there were 1.4 million new applications for social assistance, through the Universal Credit system, a six-fold increase on previous levels.

McKinsey's modelling in partnership with Oxford Economics suggests that in a midpoint scenario, unemployment could peak at 9%, up from 4% in February 2020 (Allas et al, May 2020). Some of this is likely to be because of the furloughs being converted into job losses, while some will be because of the effects felt in the supply chain of the sectors in lockdown in the UK and abroad. However, the implications for workers go far beyond those furloughed or laid off. According to research by the London School of Economics, increased unemployment creates significant anxiety among even those who *retain* their jobs (Clark et al, April 2020). Moreover, for people still at work much had changed and around 30% of the UK's roughly seven million key workers were concerned about health and safety at work. Only a minority of all UK workers, around eight million, were working from home, but almost 20% of them were finding it difficult. Overall, 40% of people stated that their work had been affected.

1.3 Sectoral and regional impact

The impact across sectors has been highly uneven. In the first half of April, 73 per cent of UK workers in accommodation and food services and 46 per cent of those in construction had been furloughed (Allas et al, May, 2020). Even though schools, colleges and universities had been closed, the people employed in the education sector mostly continued to carry out their work and be paid.

The retail and wholesale sector was estimated to have the largest number of jobs at risk: 1.7 million, or 22% of the total 7.6 million. While the demand for labour in grocery and online retail had increased, this was outweighed by the significant number of temporary store closures in non-food retail. The second hardest hit sector was accommodation and food services, with 1.2 million relatively low paid workers at risk, and arts and entertainment and construction were also highly vulnerable, as were sub-sectors of transportation, such as airlines. In Britain, around 20 per cent of all retail (non-fuel) sales was already conducted online prior to COVID-19 lockdowns[3] and the crisis had accelerated this trend. While the impacts of lockdown had been mitigated to some degree by a substantial shift to home working in some sectors, Allas et al noted that it is not possible in practice to work remotely in roughly 60% of occupations, because the place of work is fixed or requires specialist equipment. Furthermore, even for occupations that could be performed remotely in theory, not all employers are able to supply their workers with the required information technology tools.

In addition, the UK has long experienced significant regional income disparities and these might be made worse by COVID-19 related furloughs and layoffs. Much will depend on how quickly organisations can return to full operation once lockdown restrictions are lifted and the degree to which any fiscal stimulus during and after the crisis can be effectively targeted to support the most deprived people and places. In the short term, lower income areas of the UK appear most at risk.

1.4 Role of government and businesses in helping the vulnerable

Summarising the situation in April/May 2020, Allas et al noted that the dual imperative for both government and businesses had been to safeguard lives *and* livelihoods. For government, the short-term actions had been focused on avoiding permanent job losses and minimising failures among otherwise viable businesses. The

[3] For more analysis, see [Retail sales, Great Britain: February 2020](#) (ONS, March 2020)

associated cash injections were expected to help reduce the amount of structural damage in the economy during the lockdown put in place to control the spread of the virus. For businesses, the main focus had been on keeping both employees and customers safe, while also doing their best to maintain customer relationships and operations.

Moving into the next phase of the crisis, Allas et al's analysis concluded it would be important that both public and private sector leaders pay attention to the potentially rapid divergence in the fortunes of different groups of people: large numbers of people had been unable to earn a living, either at their normal places of work or remotely, and were likely to be experiencing heightened anxiety about their incomes and jobs.

For the UK government, three priorities beyond managing the health emergency were suggested:

1. As it gains more information about those furloughed and the job losses across the nation, the government needs to ensure that the mechanisms in place channel support to the most vulnerable segments of the population.
2. The government needs to reprioritise its "levelling up" agenda and consider all the levers available, perhaps as part of future fiscal stimulus, to build economic vitality in left-behind areas.
3. It is important to get people back to productive work as soon as possible and to concentrate on the retraining and reskilling of unemployed people.

Where businesses in Britain are concerned, it was suggested that while the strategic implications varied by company, *all* companies would need to plan ahead to anticipate the shape of the recovery and to prepare for the next "normal".

Section 2: COVID-19 and housing in the UK – impacts of the spring 2020 lockdown and future expectations

While the immediate impacts of the lockdown for the housing sector were primarily *practical* – meeting the needs of homeless people and rough sleepers; the 'closure' of the housing market; the inability of social landlords to interact with customers and vulnerable tenants on a face-to-face basis; the difficulty for both social and private landlords in arranging or carrying out maintenance and repairs – these shorter-term challenges are accompanied by a range of longer-lasting implications for housing and the housing market. This section outlines some of the issues encountered, and responses, to date.

2.1 Immediate impacts

Housing, health, overcrowding and COVID-19

In Britain, Coronavirus dealt a blow to the areas of housing under the most pressure and it has been argued that this points to a need for more social housing (Hilditch, 29 May 2020). The link between poor housing and poor health is well established, but commentators have emphasised that the coronavirus crisis proves action must be taken to remedy the situation, as COVID-19 death rates were higher in areas where the housing crisis was worst. At the height of the virus outbreak in May, Hilditch reported that Newham Council, East London, had the highest coronavirus death rate in England (144.3 per 100,000 population, compared with 25.3 per 100,000 in less deprived areas). The Council has also been contending with, arguably, the worst housing crisis in England, in the form of the highest rate of overcrowding (with 25.2% of households affected) and the highest proportions of households in temporary accommodation (46.1 per 100,000) in the country.

While the relatively high death rate is likely to have arisen from a combination of factors including poor air quality, multigenerational homes and a large number of people in jobs that continued through the lockdown, there appears to be a correlation between the borough's housing crisis and the number of coronavirus deaths (Apps 28 May 2020).

The council branded the illness "a housing disease" (Hilditch, 29 May 2020) and John Gray, lead member for housing services, told *Inside Housing* that the council was trying to put together thoughts and plans on how to address the problem. Adam Tinson, a senior analyst at the Health Foundation, said overcrowded living conditions could help the virus spread, as it is difficult for people with symptoms to self-isolate, and that low income households are more likely to be in an overcrowded home with someone in a vulnerable group.

Risks associated with shared accommodation

Houses in multiple occupation (HMOs) have been a growing feature of the UK housing market for some time. In 2012/13, there were an estimated 429,065 HMOs nationwide and last year this had increased to 515,862. It was argued that the difficulties of self-isolating in HMOs had been overlooked during the pandemic (Apps, 28 May 2020). In Newham, where the death rate was much higher than average, 37,162 private rented properties were recorded in a borough-wide licensing scheme, of which many are likely to have been HMOs. In its official guidance to local authorities, the government notes that the growth in HMOs is particularly rapid among migrant workers, young professionals and those locked out of the general housing market. It is acknowledged that HMOs are now housing "the most vulnerable people in society".

According to *Inside Housing,* the growth of shared rented housing made the pandemic crisis worse (Barker & Heath, 29 May 2020). *Inside Housing* analysis pointed to a clear pattern between large numbers of coronavirus deaths and housing factors such as overcrowding, homelessness and a lack of social housing: a comparison of official data on COVID-19 age-related mortality rates and housing overcrowding had shown that of the 20 local authority areas where COVID-19 had claimed most lives per 100,000 people, 14 also had the highest percentage of households in homes with fewer bedrooms than they needed.

A survey of 1,500 renters carried out by pressure group Generation Rent found that one in three renters who lived in shared housing felt they could not stay safe in line with government guidance. The nature of the quick turnover of residents in these homes also makes it difficult. From a social distancing perspective, the environment creates many challenges, according to Professor Darren Smyth of Loughborough University, who has written several papers on the growth and demographics of HMOs; those who developed symptoms in shared housing were told to confine themselves to a single room for 14 days.

COVID-19 and homelessness

Homeless people are vulnerable in general and with the likelihood of poor nutrition and other possible health complications, are at great risk of contracting the virus (Clarke, 12 March 2020). Writing before the lockdown started, Clarke argued that providing easier access to washing facilities and monitoring health would be a start in fulfilling society's duty of care to homeless people.

The UK Collaborative Centre for Housing Evidence (CaCHE) launched a blog on practice and policy to mitigate the impact of coronavirus on homeless people. In the second instalment of their COVID-19 series, Dr Francesca Albanese (Head of Research and Evaluation at Crisis) and Dr Zana Khan (clinical lead for the Kings Health Partners), discussed the response of homelessness practitioners and policymakers to the pandemic (Foye, 6 April 2020). They noted the collaborative work within the housing and social care sector to put in place emergency measures, with the government and regional authorities having procured hotels to support homeless people who needed to isolate, and therefore required single rooms. Additional measures included the realignment of local housing allowance and the extension of suspension of evictions and Section 21 notices[4] until September 2020.

Considering the impacts of COVID-19 and the implications for the future, an analysis published by *Inside Housing* (Inside Housing, 21 May 2020) suggested that the situation with homelessness was at a crossroads. With support from central government, councils had been able to offer rough sleepers a place indoors to sleep (*Inside Housing*, 27 March 2020), but it was not clear how rough sleeping would be addressed in the longer term. However, in May 2020 the government set up a rough sleeping task force, led by Dame Louise Casey, to work with councils on plans to ensure rough sleepers would be able to move into long-term, safe accommodation at the end of the immediate crisis (UK Government, 2020b), and the outcomes of this work were awaited.

In May 2020 the Greater Manchester Combined Authority, which has a sizeable rough sleeping population, wrote to the government, asking for clarity after having been told to draw a line under the provision of short term accommodation. With funding set to come to an end and no obvious replacement scheme yet in place, there were fears that people who were being housed in hotels could return to the streets (*Inside Housing*, 21 May 2020). Similarly, the National Housing Federation wrote to Dame Louise asking for a government commitment that no one would end up rough sleeping again.

Concerns have also been expressed about the situation of tenants when COVID-19 mitigations end. A ban on evictions in England and Wales, which was due to end on 25 June 2020, was extended by a further two months until 23 August 2020 (Barker, 6 June 2020), and subsequently until September. The Civil Procedure Rule Committee, which sets rules for non-criminal courts in England and Wales, also agreed to extend the pause on possession proceedings by two months.

It was also reported that the Mayor of London had warned that local authority housing services could be overwhelmed if the government did not act to protect renters impacted by the COVID-19 pandemic (Brady, 10 July 2020). The Mayor called on the housing secretary to implement measures including: banning evictions until the end of the pandemic; providing more funding and guidance for council homelessness services; and ending the right-to-rent policy[5]. He also advocated introducing protections for renters by: increasing welfare benefits to cover

[4] In England, to regain possession of a property let under an assured shorthold tenancy (AST) without having a specific reason or ground for possession (such as rent arrears), a landlord must first serve a valid 'Section 21' notice on the tenant. For more information see *Shelter Legal, England and Wales - Section 21 notices*.

[5] In England, landlords, agents or householders who are letting private rented accommodation or taking a lodger, and anyone who lives in a property as a tenant or occupier and sub-lets all or part of the property, or takes in a lodger, is required to check 'right to rent' to ensure that the prospective renter is a person who is 'allowed to be in the UK'. For more information see the Landlords: immigration right to rent checks document collection.

any shortfall in rental payments; preventing private landlords from serving Section 8 (arrears) notices[6] for tenants affected by COVID-19, and scrapping so-called 'no fault' Section 21 evictions (see page 13). He called for a flexible approach to rent payments post-pandemic, and suggested that landlords with mortgage holidays be required to notify their tenants of this and exempt them from rent payments for the duration of the mortgage holiday.

Similarly, the homeless charity, Shelter, also warned that nearly 250,000 renters could be at risk when the evictions ban is lifted. Responding to the concerns raised about the position of renters in England when initial measures put in place in response to the pandemic end, the Ministry of Housing, Communities and Local Government noted that it had been working with the judiciary to ensure that arrangements were in place to give protections for those who have been particularly affected by coronavirus when proceedings start again (Brady, 10 July 2020).

2.2 Housing supply: COVID-19 and the construction industry

In England, the Government is committed to increasing the annual delivery of housing to 300,000 per year, as well as supplying a million new homes by the end of the Parliament in 2024 (Committee for Housing, Communities and Local Government, 2020). Delivery on this scale has proved challenging and the spread of the virus has been an additional obstacle for a construction industry that has had a particularly difficult few years, with uncertainty around Brexit and high profile building safety concerns (*UK Construction Online*, March 2020). As the pandemic emerged, the aim had been to keep business-critical construction projects running. However, with strict isolation measures in place, more and more construction companies halted work on sites. One of the main concerns facing the construction industry is the resulting delay that will be caused to projects. Many projects are time sensitive, with the majority of contractors having various projects arranged over the course of the year.

Following pressure from backbench MPs, the housing secretary urged more housebuilders to return to work, and the UK's second largest housebuilder Persimmon announced that workers would return to building sites on 27 April 2020 (Jolly, 24 April 2020). From 13 May 2020, builders in England were permitted to agree more flexible construction site working hours with local councils with the aim of allowing them to stagger staff arrival times, easing pressure on public transport and improving social distancing routines and possible congestion points on sites. In order to help firms struggling with cash flow, arrangements were also put in place to enable smaller developers to defer payments to local councils (Pratt, 13 May 2020).

The board of Homes for Scotland wrote to the Scottish First Minister on 7 May 2020, requesting

[6] In England, the issuing of a 'Section 8' notice is the first step for private landlords wishing to end an assured or assured shorthold tenancy. The landlord will also require a court order and the notice can only be issued on a number of grounds, including rent arrears. For more information see Shelter England and Schedule 2 of the Housing Act 1988 (as amended).

a phased return to work to enable housebuilders to finish around 6,000 largely completed homes. According to the trade representative body for Scotland's homebuilders, the homes nearing completion were worth in excess of £1 billion to the economy. They stated that the industry had addressed the issues relating to the safe operation of construction sites as well as sales offices (Edgar, 18 May 2020).

However, it was emphasised that the return of workers to construction sites did not mean that housebuilding was set to return to normal. In April 2020, Rebecca Larkin, senior economist at the Construction Products Association, explained that work in the next month would be concerned with completions which were originally set for April and May. It was expected that housebuilders would be reluctant to begin new developments until they were certain of demand, and this would result in a sharp decrease in new projects in 2020, with concerns that housebuilding would not return to 2019 levels until after 2021 (*Inside Housing*, 1 May 2020).

2.3 COVID-19 and the private rented sector

Impacts on tenants

Writing in April, Simcock (2020) noted that the Private Rented Sector (PRS) provides housing to a diverse group, including low-income households, families with children, professionals, people over 65 and students, and that issues with which private renters had already been struggling, such as affordability, insecurity of tenure and poor property conditions, were likely to have been exacerbated by the coronavirus. Affordability was a major concern before COVID-19, with private renters paying a higher proportion of their income towards their housing costs by comparison with other tenures. The 2018-19 English Housing Survey[7] showed that private renters paid 45% of their income (excluding Housing Benefit) against rent, compared to 19% for owner occupiers against their mortgage, and the majority of renters had few savings to rely on. As a result of the lockdown, many had faced job losses and loss of income, putting many renters at risk of significant rental debt and the need to claim universal credit.

In response to COVID-19, the government put in place schemes to support workers and the self-employed. The furlough scheme was set up to prevent the loss of employment, but it will mean a reduction of income for many, increasing over the life of the scheme and potentially placing a strain on household finances. At the end of March, the government announced a new support package for self-employed people who had lost income due to COVID-19 and the lockdown. The scheme was subsequently extended, with the final payment to be made in August 2020.

While these schemes were unprecedented and undoubtedly mitigated the immediate impacts of the lockdown, the potential remained for many renters to accumulate significant rental debts

[7] For more information see [English Housing Survey 2018 to 2019: headline report]

and face eviction in the future. Governments across the UK introduced measures to prevent evictions during and immediately after the lockdown period and while they provided short-term relief for renters, there were concerns about whether and how renters would be able to pay back any rental debts. There was the potential that, after the initial supports and mitigations had ended, there would be a significant number of evictions processing through the courts, with large numbers of renters having accumulated COVID-19 related rental debt that would impact their future ability to get affordable credit, mortgages or other rental properties.

In response, MPs launched an inquiry into the impact of the coronavirus on the private rental sector (Shoffman, 22 April 2020). The Housing, Communities and Local Government Committee called for evidence to examine the effect of the pandemic and government support for tenants, as well as those who were homeless. The inquiry will examine how effective the government support has been in supporting individuals in the private rented sector. It will also look at long term strategies which will need to be put in place to support both groups in the long term once current measures expire.[8]

A survey of around 6,000 adults in the YouGov Plc UK panel undertaken for the Resolution Foundation in May 2020 (Judge, 2020) indicated that private renters were more likely to be struggling with payments than those who owned their homes (Austin, 30 May 2020). The Foundation's analysis concluded that one in eight private renters had fallen behind with housing costs since the COVID-19 crisis began, compared with one in twelve mortgaged home owners (and one in six social renters).

Lindsay Judge, author of the report and principal policy analyst at the Resolution Foundation, commented that renters had tended to be in a weaker financial position going into the crisis, with lower levels of savings, and a general requirement to spend more of their income on housing costs. During the COVID-19 crisis, home owners had been more successful at directly reducing their housing costs, with more home owners having gained a mortgage holiday than renters being given reductions in rent. Overall, the Resolution Foundation survey indicated that:

- The coronavirus earnings shock had been widely felt across tenures, but renters (both social and private) were more likely than mortgaged owners to have lost their job or been furloughed.
- Home owners entered the crisis in a stronger financial position than renters, but had also received greater forbearance with housing costs: on average, mortgaged home owners had housing costs equating to 13% of their income, while the comparative figure for private renters was 32%. However, while 13% of mortgaged home owners had applied for a mortgage holiday and the vast majority had been granted this relief, only half of the one in 10 private

[8] For more information see *Impact of COVID-19 (Coronavirus) on homelessness and the private rented sector - Committees - UK Parliament*

renters who had tried to lower their housing costs had been successful.

- 16% of mortgaged owners and 19% of social renters had cut back on other items to cover their housing costs, but private renters (24%) were the most likely to have adopted this strategy in the weeks preceding the survey. Around half of these private renters were estimated to be experiencing material deprivation as a result of cutting back.

A BBC report on the Resolution Foundation's findings noted that the Housing, Communities and Local Government Committee had warned of a likely crisis in the private rental sector, with thousands of tenants unable to pay their rents as a result of losing their jobs (Austin, 30 May 2020). At the same time, Citizen's Advice had estimated that around 2.6 million tenants expected to fall behind on their rent because of the COVID-19 crisis. The organisation had asked the government to put protections in place for people who had fallen into arrears due to the crisis and to take steps to ensure landlords put in place affordable repayment plans. It was also reported that the emergency helpline provided by housing charity Shelter had been swamped with calls from distressed tenants in fear of losing their homes.

A survey of 2,027 private tenants in England and Wales carried out for the National Residential Landlords Association between 20 and 25 May 2020 painted a mixed picture of the experiences of tenants, and raised some concerns about the longer term outlook for a significant minority. It indicated that at the time of the survey:

- 59% of tenants had not had their income affected during the coronavirus outbreak;
- Younger tenants and those in lower income brackets had been more adversely affected;
- 21% of respondents had been furloughed by their employer, under the Coronavirus Job Retention Scheme;
- 4% had made a successful claim for Universal Credit;
- 90% of tenants (80% in London) had paid their rent as usual since 17 March 2020; and
- 17% had approached their landlord or letting agent for support such as a rent deferral, rent reduction or other assistance. (NRLA, 2020)

Noting that 'the vast majority of tenants are continuing to pay their rent as normal and have not requested any support from their landlord or letting agent', the NRLA report went on to comment that 'this challenges the narrative by some that tenants have either been unable to pay their rents or that there is likely to be a considerable spike in repossession cases in the rental market when restrictions begin to be eased' (NRLA 2020, p2).

The Affordable Housing Commission, an independent group established by the Smith Institute with support from the Nationwide Foundation and chaired by Lord Best, recently spent 18 months undertaking a wide-ranging review of housing affordability in England. The

Commission's final report[9], which included over 50 recommendations covering key supply and demand aspects of affordability across all tenures and housing markets, found that affordability was a serious issue, particularly for large numbers of low income households. The Commission identified three groups in England that were under the most 'housing stress': struggling renters, struggling home owners and struggling older households. The estimated 4.8 million struggling households represented one in five of all households in England.

However, the Commission's analysis indicated that the greatest problems were in the private rented sector, where two million households (43% of all those renting privately) were estimated to be in potential difficulty. Furthermore, the households devoting 40% or more of their incomes to rent – and therefore deemed to be at greatest risk – were predominantly living in the PRS (Affordable Housing Commission, 2020). Based on this analysis, the overarching conclusion of the report was that problems of affordability in England come principally from the huge growth in the private rented sector.

Writing in April 2020, a month after the publication of its full report, the Commission argued that the report's core messages – and particularly concerns about the dangers of relying so heavily on the private rented sector – had been emphasised all the more by the COVID-19 crisis (Housing Rights, 24 April 2020; Affordable Housing Commission, 2020b). The Commission noted that the individual circumstances of private sector landlords made for inconsistency in how private tenants who were struggling to pay rents were dealt with, and that 'the pandemic shows up the PRS as a complex, disparate and often fragile sector that is ill-equipped to cope in emergency situations' (Affordable Housing Commission, 2020b).

Impacts on landlords

Landlords also face the effects of the response to the pandemic. A BBC report (Austin, 30 May 2020) suggested that 54% of members of the National Residential Landlords Association (NRLA) had experienced some combination of rent payment problems or unanticipated periods when properties were empty, due to the virus. The report went on to note the NRLA's view that, while the three-month mortgage holidays for which buy-to-let landlords were eligible *were* sustaining tenancies, they represented a future cost for landlords.

A survey carried out in April by Landlord Action, an evictions specialist, revealed that 74% of landlords had been contacted by tenants saying they would struggle to pay their rent (Shoffman, 22 April, 2020). In turn, more than one third of landlords (36%) said they would struggle to pay their mortgage if their tenants did not pay their rents during the month of the survey and many said they would be reluctant to apply for a mortgage holiday, due to the impact on their credit rating. Despite concerns about rents being paid, almost 70% of landlords said they *could* postpone serving an eviction notice if their

[9] For more information *see* *Making Housing Affordable Again: Rebalancing the Nation's Housing System: The final report of the Affordable Housing Commission*

tenant fell into arrears within the next three months. Landlord Action had launched a rent repayment agreement template for landlords to set out agreed terms of repayment with tenants, if necessary.

A survey carried out for the NRLA in early May 2020 to help understand the impact of coronavirus on landlords received more than 4,500 responses and more than one quarter (29%) of these landlords expected to face some level of financial hardship as a result of the virus (NRLA, 2020). However, the report on the findings also emphasised that while some landlords had experienced, or expected to experience, financial pressure due to the COVID-19 crisis, many had tried to assist and support tenants, and the desire of both the NRLA and its members was to sustain tenancies.

Welcoming the extension of the furlough scheme and the increase in the Local Housing Allowance to the 30th percentile[10], the NRLA report set out further proposals to support the private rented sector in light of the response to the pandemic:

- Ensure that LHA can fully cover rents;
- Either end the five-week wait for the first payment of Universal Credit or convert the existing advance provision from a loan to a grant;
- At least temporarily, enable the housing element of Universal Credit to be paid directly to the landlord, to give landlords and tenants certainty about rent payments; and
- Consider the possibility of a hardship loan-type scheme for those households in temporary but acute need of support to pay their rent, where the traditional benefit model may not be appropriate, and where there is an expectation that the household could recover their financial independence in the short to medium term.

It had been reported that the government was considering a "pre-Action Protocol", encouraging landlords to make contact with private tenants, to understand their position before taking court action (Austin, 30 May 2020), and the NRLA indicated its support for such a protocol, provided the use of section 21 and ground 8 of section 8 (see earlier sections) was not suspended entirely.

Writing in April 2020, Simcock noted that the COVID-19 crisis had caused the short-term holiday let sector to collapse (Simcock, 2020). With events being cancelled and international travel interrupted, landlords in this market were facing no income and it was reported that rental

[10] On 18 March 2020 the government announced a package of measures to protect renters and landlords affected by coronavirus. This included the Social Security (Coronavirus)(Further Measures) Regulations 2020/371, which came into force on 30 March 2020, making important changes to the method of calculation for Local Housing Allowance (LHA). LHA sets a maximum amount for Housing Benefit/the housing element of Universal Credit and was introduced in 2011. The LHA cap, originally set at the 50th percentile, was reduced to the 30th percentile in 2011. Subsequent periods of LHA freezes and CPI-, rather than average rent-linked increases meant that, according to Shelter, by 2019/20 there was a shortfall between LHA and actual rents at the 30th percentile in 97% of areas in England and Wales. For more commentary see 'LHA increases - temporary respite but what plan for the future?' (Doughty Street Chambers, 2020).

markets in certain 'Airbnb hotspots' had been flooded with new properties to rent, demonstrating the scale of housing stock being used for short-term lets.

While the more recent easing of lockdown restrictions and continuing uncertainty about foreign travel may have eased pressures for property owners in this segment of the UK housing market through an increased level of UK based holiday breaks, Simcock (2020) argues that policymakers should put measures in place (fiscal or regulatory) to ensure that the majority of these properties stay within the longer term housing market. He emphasises the need to ensure that housing systems can cope with future storms, and that this includes thinking about the future purpose of the rented sector.

2.4 Impacts on the social housing sector

HouseMark[11] began collecting data on the impact of COVID-19 from participating UK social landlords in March 2020 and subsequently published monthly executive summaries of the findings (HouseMark, 2020). The summaries provide an overview on key indicators including arrears, voids and repairs and give a sense of the immediate issues that arose during the lockdown. While some aspects have gradually improved, there are signs of longer-term challenges that the sector may face as a result of COVID-19 and the response to it.

Lettings

The imposition of lockdown restrictions in March saw the number of social lettings fall by an estimated 11%, then by a further 77% in April. With relaxation of the restrictions in England from May, lettings activity recovered by 82% (by comparison with April) and doubled again in June, which brought lettings activity close to March 2020 levels. However, it was estimated that at the end of June around 50,000 social dwellings across the UK – twice as many as normal – were 'empty but available to let', resulting in around £5 million lost income for social landlords *each week*.

Arrears

HouseMark measures arrears levels as a proportion of the total rent collectable. Data submitted by landlords at the end of March indicated that the rate stood at 2.99%, compared with the 2.85% that would normally be expected at that time of year. This increase represented an additional £33 million of social sector arrears UK-wide. There was a further sharp increase in arrears in April, bringing the overall rate to 3.27% (compared with a 'normal' rate of 2.99%) and the estimated total UK-wide figure to £100 million in excess of what might have been expected had it not been for the impacts of COVID-19 and the lockdown. The arrears rate continued to climb and had reached 3.47% of collectable rent in June. HouseMark commented that while the majority of the sector was probably past the initial arrears peak, there was significant variation between landlords and a

[11] HouseMark is a UK housing sector membership organisation owned by the Chartered Institute of Housing and the National Housing Federation, which collates data from social landlords across the UK for business intelligence and benchmarking purposes. For more information see the [HouseMark website]

further spike was expected to accompany the end of the furlough scheme.

Repairs

By comparison with a long-run monthly average of 220 non-emergency repairs per 1,000 social properties, HouseMark's data indicated that the lockdown restrictions saw the figures fall to 58 in April and 75 in May. This meant that the estimated non-emergency repairs backlog stood at 1.5 million in May. The number of reported non-emergency repairs doubled during June as landlords began to deliver a fuller service.

Anti-social behaviour

Data submitted by social landlords indicated that there had been a 30% increase in the number of reports of anti-social behaviour and domestic abuse during the month of April 2020, by comparison with March, while the number of incidents reported in May 2020 was 43% higher than in March. While the rise in incidents of anti-social behaviour between March and May was partly attributed to the seasonal impact of warmer weather, HouseMark nevertheless noted that confinement due to the lockdown had created an additional 200 anti-social behaviour cases *per day*. A further rise the following month meant that by June, there had been a 60% overall increase in reported anti-social behaviour since March.

Staffing

By the end of March 2020, around half of participating landlords had furloughed some staff members. At that time, around 7% of all social housing staff were estimated to be off sick, 32% were continuing to provide essential front line services, around half (52%) were distance working and almost one tenth (9%) were not working (including furloughed staff). The proportion of staff 'not working' peaked at 18% in April, and subsequently decreased to 11% in May and 6% in June. The proportion of staff who were sick also gradually fell, and had reduced to three per cent by June 2020. At that point, more than one third (35%) of staff were delivering essential front line services and the proportion distance working had increased to 56%. Commenting on the position at June, HouseMark noted that the 'overnight channel shift' had led to significant changes in behaviour for organisations, employees and customers, and that 'a staggering 75% of landlords [were] planning to take a different approach to service delivery in the new normal, with only 8% electing for business as usual'.

The data released by HouseMark in May, covering the month of April 2020, were based on a survey of 131 social landlords managing nearly 1.4 million homes, and showed that at the point when 18% of the staff in the sector – an estimated 27,000 employees – were not working, the Treasury was spending around £70m on the wages of furloughed social housing staff (Barker, 28 May 2020). Commenting on the evidence available in May, Greg Campbell, partner at housing consultancy Campbell Tickell, stated that some housing associations had been affected by arrears more than others and the end of the furlough scheme and more redundancies occurring would present a challenge for landlords. It was also suggested that some housing associations might be tempted to enter mergers or undertake stock rationalisation to strengthen their businesses following the crisis (Barker, May 2020).

Looking ahead, analysis published by *Inside Housing* (1 May 2020) suggested that in view of the job losses, falling incomes and increased rent arrears that would arise from the pandemic, very few housing associations would be immune from the shocks. As a result, organisations had drawn up cash-saving plans to shield themselves from the economic tremors, although as the uncertainty brought about by Brexit had seen many housing associations stockpile cash, experts from the Regulator of Social Housing did not consider liquidity to be a pressing concern in the shorter term. Instead, smaller housing associations with fewer than 1,000 homes were thought to be the greatest immediate concern, particularly those with large care and support offerings. The Regulator considered that, in a sector with small margins, they would not have the capacity to absorb the risks.

By June 2020, two housing associations had sold short term debt worth a combined £450m to the Bank of England through its emergency liquidity facility aimed at helping businesses through the coronavirus crisis (Brady, 8 June 2020). Data released to the bank showed that London-based landlords L&Q and Optivo had used the COVID-19 Corporate Financing Facility (CCFF) scheme to increase liquidity in response to pressures imposed by the pandemic. However, only large housing associations with V1 gradings for financial viability from the Regulator of Social Housing – the highest possible grade – were eligible for the scheme.

Housing sector bodies in Scotland, Wales and Northern Ireland have argued that social housing must be central to the plans of devolved governments to steer their economies through the impact of coronavirus, stating that investing in social housing can boost a wide range of industries with less risk attached, than with new homes for market sale. Sally Thomas, chief executive of the Scottish Federation of Housing Associations said that Scotland needed a long term housing programme, which would help rebuild the economy and create employment. (Barker, 19 May 2020)

2.5 Owner occupiers

Owner occupation remains the most prevalent housing tenure across the UK, with figures indicating that in 2018/19 around 64% of households in England owned their home outright (34%) or were buying with a mortgage (29%) (UK Government, 2020c). Similarly, the 2016 Northern Ireland House Condition Survey showed that around 63% of dwellings in the region were owner occupied (NIHE, 2018a).

While those who own their homes outright might be considered to be in a relatively secure position, households buying with a mortgage may be more vulnerable to the consequences of a fall in income as a result of being furloughed, having their working hours reduced or losing their job.

Mortgage lenders have sought to provide supports for borrowers whose income has been affected by the coronavirus, including the option of mortgage holidays, which have allowed households to defer payments without affecting their credit rating. Payment holidays, up to a maximum of three months, were first introduced in March, but with the first recipients facing the prospect of having to begin making payments in June, it was announced in May that households who had availed of the facility could extend the holiday for a further three months, and that new applications for three-month deferrals would be accepted until 31 October 2020.

Figures published by UK Finance (2020) showed that of around 10,970,000 first charge mortgages in place in the UK at the end of May 2020, 1.86 million – one in six – had had a mortgage payment holiday issued. Commenting at the time, the Chief Executive of UK Finance said that mortgage lenders were committed to supporting their mortgage customers, and were offering help to any customers nearing the end of their three-month payment holiday. A ban on lender repossession of homes was also put in place until 31 October 2020. Assuming the various support measures end as planned at the same time as the job retention scheme, some households may face something of a cliff edge scenario in the autumn.

2.6 Possible housing market outcomes: commentary and analysis during lockdown

Writing in April, Craft (2020) noted that most market observers agreed the disruptions caused by the COVID-19 outbreak were likely to have a significant impact on the UK's economy and housing market, and went on to argue that, while the decline in economic activity during spring 2020 was comparable with 2009, there were fundamental differences in the cause.

The 2008/09 crisis was a recession fuelled by sub-prime mortgage lending, high levels of consumer debt and an over-leveraged banking system. In contrast, the 2020 recession was largely self-imposed in response to a health crisis, which hit a generally healthy economy with a property market and banking system that were more stable, and a policy framework geared up to react with greater speed and force, than in the last recession.

Therefore, Craft suggested, there was reason to expect that the recession associated with the response to COVID-19 might not be as damaging or long lasting as was the global financial crisis, and there might be more reason to expect a "V" or "U" shaped recovery, rather than the "L" of a decade ago. It was anticipated that the removal of lockdown measures should result in a discrete jump in activity, and that some expenditure could be re-profiled from the first half of the year. Macro policy stimulus and inventory building could also contribute to recovery. However, the scale of the disruption meant that economists did not envisage GDP reaching pre-virus levels until late 2021.

In early 2020, the UK housing market exhibited strong momentum in the wake of the decisive general election results of December 2019 and performed at its strongest for four years (Craft, 27 April 2020). Although data released by the Nationwide Building Society revealed that the house price index had shown the first signs of a fall in house prices in April 2020, property sector commentators remained optimistic that the housing market would recover quickly (Knight, 4 May 2020).

In line with this analysis, commentary published by Savills in late March suggested that suppressed transaction activity could lead to a build-up of latent demand, and that the experience of working from home for an extended period of time could drive many households to move (Savills, 27 March 2020). Related to the experience of spending more time at home, there was a sense that housing-related consumer priorities might change, with more importance attached to aspects such as outdoor space: the implication of such changes in preference would be that although house prices might bounce back fairly soon, flats and other similar dwellings might take a much longer time to recover (Knight, 2 June 2020).

Other analysis published early in the lockdown period included the March 2020 cities house price index produced by Zoopla. It suggested that cities in Northern England with more affordable housing markets could see the fastest turn around once restrictions were removed. Zoopla estimated that 373,000 property transactions had been paused during the lockdown (Knight, May 2020; Zoopla, 2020).

A slightly less optimistic outlook was put forward in April by the Centre for Economic and Business Research (CEBR), which estimated that house prices would fall by 13% by the end of the year due to the pandemic (Knight, 4 May 2020), with the effect expected to vary across the country depending on how badly a region's workforce had been impacted. The think tank predicted that house prices in Yorkshire and the Humber and Northern Ireland would fall the most. In these regions, the main industries of manufacturing, construction, retail and hospitality had already suffered substantially.

Despite government support packages, CEBR expected that lack of demand would mean some businesses ceased to operate. As a result, many workers would lose their jobs and large numbers of households would face a cut in their incomes. With housing the single largest expenditure item for most households, CEBR concluded that the shortfall in incomes had tremendous potential to disrupt the UK's housing markets. More recently (June 2020), the think tank revised its forecast to an overall reduction of 8.7% in average house prices during 2020 (CEBR, 2020)

Writing in May 2020 about the potential effects of COVID-19 on housing, Paul Cheshire and Christian Hilber from the London School of Economics (LSE) argued that although real house prices and rents might initially fall, housing would still remain unaffordable for the young and those on lower incomes, especially in London and the South-East of England.

Commenting on an analysis by Francke & Korevaar (2020) of the impacts of historic epidemics in Amsterdam and Paris on house prices and rents (which had found only relatively short lived and localised reductions in house prices) Cheshire and Hilber urged caution against drawing direct lessons from such historic examples, arguing that the extent of the spring 2020 lockdown and disruption was much greater. Instead, they advised looking at the impacts in the short (over the next 6-9 months) and medium (up to 2024) terms.

In the *short term*, they suggested that the transaction volume was likely to fall substantially and that prices would also tend to fall, especially as incomes disappeared for large numbers of people; the World Health Organisation (WHO) special envoy David Nabarro, had commented on April 12, 2020 'the virus will stalk us for years to come, changing behaviour for the foreseeable future' (Schartz, 12 April 2020). Alongside the impact of falling incomes, it was expected that the construction of new homes would be severely restricted; however, as they are such a small part of the total stock, this would make little difference to total supply and so would do little to offset the fall in house prices.

Cheshire and Hilber also argued that the vast majority of COVID-19 induced deaths over the next few years would be of elderly people. From a housing supply perspective, this unfortunate scenario could have the potential outcome of freeing up some existing stock, and thus reinforcing slightly the temporary downward trend in house prices. Overall, they concluded that the supply side effect on house prices might be subdued, as the two effects (on construction and freed stock) might largely offset each other. Therefore, in the short term, Cheshire and Hilber suggested that the following three questions would be important:

- How far would lenders be willing to be flexible in order to minimise the number of forced sales?
- How badly would borrowed incomes be hit and for how long?
- How much and for how long would real incomes fall?

In the *medium term*, Cheshire and Hilber argue that the demand for housing will be driven by earnings, which will depend on how long it takes the economy to recover. Even when earnings start to recover, they suggest, the savings of many will have been depleted and would-be buyers will find that much of what they had set aside for deposits has been used for essential supplies. Buying a home will have to be postponed again, even if prices appear to be more affordable. In this context, real house prices in 2024 may be well below present day levels. However, lower house prices will not improve affordability in the medium term, since the cause would be lower incomes and depleted savings. Cheshire and Hibert suggest that the economic downturn triggered by COVID-19 might even equal that of the Great Depression of the 1930s. Arguably, however, one potential positive outcome suggested by their analysis is the possibility of a (temporary) revival in the construction of social housing.

While the state of the economy and prospective buyers' and current owners' financial and employment position within it is an important driver of the level of housing market activity, another key issue is the position of, and policies adopted by, lenders. Drawing partly on data published by the Bank of England (Bank of England, 2020), Williams (2020) highlighted in early May that lenders had moved quickly to cease higher loan-to-value (LTV) loans, reflecting both perceptions about risk and the need to preserve liquidity in an uncertain market.

Overall, the data gathered by the Bank of England suggested that the total number of mortgage products available had fallen from around 6,500 in mid-March to just over 3,000 by mid-April. While the supply of products at LTV ≤60 had remained relatively steady, there had been substantial reductions in the supply of higher >60 LTV products, with only minimal availability at >90.

While some lenders had indicated that they would move towards increasing the range of LTV levels available to borrowers, and the situation was expected to be mitigated to some extent for lenders *and* borrowers by the continuing low base rate and access for most banks and building societies (with eligible collateral) to the new £100 billion Term Funding scheme[12], Williams highlighted reasons for caution:

- Non-banks (firms without a full banking licence, which do not take deposits and are key lenders to more marginal mortgage borrowers) are outside the Term Funding scheme;
- There will be no substantial increase, at least in the short to medium term, in the availability of high LTV loans;
- With several million employments furloughed, the economic risk of rising unemployment and reduced income poses real challenges for lending and points towards the need for a cautious approach. More than previous downturns, the response to COVID-19 had threatened the incomes of a wide spread of borrowing households, and it was not clear how many would return to work when the job retention scheme ended.

[12] For more information see 'Bank of England measures to respond to the economic shock from COVID-19'.

2.7 The role of housing in economic recovery

According to the Prime Minister, Boris Johnson, support for housing developments will form part of the government's economic coronavirus recovery plan (Hardy, 29 June 2020). Mr Johnson said the government would support the building of housing developments, road and rail infrastructure projects, schools and hospitals. In addition, restrictions on planning laws would be eased, making it easier to build new housing and redevelop existing properties, which could result in empty shops being converted into new homes (Merrick, 30 June 2020).

Within the context of considerations about how the UK will recover from the economic impacts of the coronavirus, *Inside Housing* examined how the government could help the housing sector (*Inside Housing*, 21 May 2020) and concluded that supporting affordable house building would be a very effective way to help steer the economy through the problems imposed by the coronavirus. Similarly, the G15 group of large London housing associations backed a 'Homes for Heroes' campaign, which calls for 100,000 homes to be made available over the next five years for key workers, who risked their lives to keep the country going during the pandemic (Young et al, 2020). The proposals include an "initial burst" of thousands of homes within months, by matching government funding with housing association resources, to make completed homes, and those under construction, available on a low cost basis for key workers.

In London, where housebuilding schemes were carrying high levels of risk before the crisis due to concerns about high-rise safety and an uncertain housing market, a taskforce established by the Mayor's team had discussed how 'forward funding' affordable rented homes with government grants could help ensure large projects were not delayed or scrapped. From a council perspective, a number of "quick interventions" that the government could make to support development had been put forward (*Inside Housing*, 21 May 2020). The Mayor of Hackney, for example, stated that this might include allowing local authorities to retain 100% of right-to-buy receipts and abolishing the time limit in which they must be spent before funds are returned to central government. There was also the suggestion of a housing market package through which councils and housing associations would be given support to buy empty new builds. However, with councils instructed by the government to allow developers to delay affordable housing and infrastructure payments in a bid to support housebuilding during the Coronavirus crisis, there were concerns that ministers might lean towards prioritising market housing, with affordable homes potentially being side-lined. (Barker, 13 May 2020)

Where social and affordable housing provision were concerned, Will Jeffwitz, head of policy at the National Housing Federation (NHF) stated that the availability of government support would make a real difference (*Inside Housing*, 1 May 2020), and argued that flexibility around grant deadlines would help to give housing associations the confidence to keep building.

Social landlords in Scotland also emphasised the importance of maintaining the Scottish Government's target of building 50,000 affordable homes between 2016 and 2021. While the sector supported a construction ban put in place during the early stages of the response to the pandemic, it asked for reassurance that building affordable homes would be "at the heart of Scotland's recovery from coronavirus" in the form of a long term funding programme (*Inside Housing*, 21 May 2020).

Similarly, speaking on behalf of the Northern Ireland Federation of Housing Associations (NIFHA), chief executive Ben Collins emphasised the need to know the amount of funding that would be available through the Social Housing Development Programme to plan and deliver much-needed new homes.

Section 3: The UK housing market: post-lockdown indicators and outlook

The unprecedented response to COVID-19 and the global nature of its impacts mean that virtually no region or sector will be unaffected by the health and economic consequences of the pandemic. However, it is likely to take some months for the full, longer-term impacts to become clear, and much will depend on the ability to keep the economy open and avoid any further large-scale lockdown scenarios. This section considers some of the early housing market indicators following the easing of lockdown from May 2020.

3.1 Residential property transactions and prices (UK)

The housing market in England reopened on 13 May 2020, enabling people to move house and rent property for the first time since mid-March 2020. An estimated 450,000 property transactions were thought to have stalled because of the impact of the coronavirus lockdown, which prevented property valuations, potential buyer visits and physical moves from taking place (Pratt, 13 May 2020).

However, differing approaches were adopted by the devolved nations, and while the housing market for England re-opened, a moratorium remained in place elsewhere (Inside Housing, 21 May, 2020). The Northern Ireland property market reopened on 15 June, and Scotland followed suit on 18 June, although Scotland's coronavirus roadmap, which was published on 21 May 2020, indicated that estate agency branches would only be allowed to reopen on 11 August 2020, during phase 3 of plan.

At the time of writing, the easing of lockdown restrictions has been occurring gradually, and at slightly different speeds, across the UK, and the resumption of normal economic activity looks likely to take many months. If the Spanish Flu pandemic (January 1918-December 1920) is any indication, there may be further 'waves' of cases.

The May 2020 Nationwide house price index report indicated that UK average house prices experienced the largest monthly drop (1.7%) since February 2009 (Knight, 2 June 2020). Commenting on the figures, Robert Gardner, Nationwide's chief economist, noted that housing market activity had slowed sharply as a result of the measures implemented to control the spread of the virus. He explained that data from HMRC showed that there had been 53% fewer residential property transactions in April 2020, compared with the same month in 2019.

The medium-term outlook for the housing market remains uncertain and much will depend on the performance of the wider economy. Commenting in May, Nationwide's chief economist noted that the 5.9% decline in UK economic activity recorded in March was only a little less than the decline recorded over the *entire* financial crisis (Nationwide, 2020a), but he was hopeful that the bundle of policies introduced to protect businesses and jobs and to support people's incomes would help limit long-term damage to the economy and ensure that the impact on the housing market would be less than that normally associated with an economic shock of the magnitude arising from COVID-19.

Nationwide's June edition of the House Price Index indicated that, reflecting the lockdown measures in place, the level of transactions in May 2020 was half that of the equivalent month in 2019, and prices in June had fallen by 1.4% over the month and 0.1% on an annual basis. There had been only 9,300 mortgage approvals for house purchase in May 2020, compared with 73,700 in February, and 86% lower than in May 2019 (Nationwide, 2020b).

Seeking to boost the re-opened housing market, the UK government announced a temporary increase in the Stamp Duty Land Tax threshold on 8 July 2020 (PWC, 27 July 2020). The stamp duty 'holiday' on the first £500,000 paid for a main home in England or Northern Ireland was introduced with immediate effect, to apply until 31 March 2021. Prior to the announcement, only those homes selling at under £125,000 had been exempt from the tax.

By July (Nationwide, 2020c), the indicators were more positive:

- The average price of properties had increased by 1.7% over the month and 1.5% by comparison with the same month in the previous year.
- The price increase was representative of an upturn in activity since the easing of lockdown restrictions; this was thought to reflect a combination of pent-up demand from decisions taken before lockdown, as well as reassessment of needs and preferences *resulting from* lockdown.
- While activity had increased by comparison with the immediately previous months, it was well below the preceding five-year average.

The Building Society's Chief Economist expected strong levels of activity to continue in the near term, boosted by the stamp duty holiday. However, he warned that as government support schemes wind down and the labour market weakens, there may be a dampening effect on the housing market in coming quarters.

3.2 Increase in demand for rental properties in GB

It was reported in June (Lynch, 2 June 2020) that demand for rental homes had increased in GB, since estate agents were given permission to trade on 13 May 2020. The supply of new rentals was said to be unable to meet demand, prompting fears that the surge would push up costs and leave some people struggling to find homes. Industry commentators noted that many people had an immediate housing need as a result of the pandemic and the sector was coping with a backlog of people who had to cancel planned moves during lockdown. The South West of England had seen the largest surge in demand for new rental properties, with a 34% increase compared with 2019, according to the property website Rightmove (Lynch, 2 June 2020).

Section 4: COVID-19 and housing in Europe

With full or partial lockdowns also having been imposed in many parts of Europe, the economic tremors arising from COVID-19 are also likely to be felt across the continent in the years ahead. Rapidly rising unemployment rates and warnings from businesses concerning their viability, demonstrate the economic threats from the coronavirus. This section draws together published commentary on the economic and housing situation in Europe, and considers the housing response in a number of European countries.

Writing in April 2020, Begg (6 April) noted that a sharp recession was under way and could result in a double digit percentage decline in global GDP in the next quarter. Unlike the financial crisis a decade before, Begg observed, the 'corona' recession had been the result of a deliberate choice by policymakers to pause the economy. While, he suggested, few would question this policy, it would have lasting effects and require careful handling if long term economic damage was to be minimised; there is a well-established link between poverty and poor health, raising the prospect of a second wave of health problems stemming from the *economic impact* of COVID-19.

4.1 The main economic effects

In a new policy note published by Funcas, Begg, (April 2020) anticipated three main inter-related types of effects, which would call for overlapping policy action:

1. **A pause in economic activity** resulting from the lockdown, which would potentially lead to financial instability. Policymakers had been quick to respond, and co-ordinated action by central banks had seen interest rates cut, new injections of liquidity and renewed quantitative easing, with massive fiscal stimulus packages agreed.
2. **Uneven effects on different segments of the economy**. Aviation, tourism, leisure activities and non-food retail faced an extended period of inactivity. For localities at the epicentre of the infection, such as Lombardy and Madrid, recovery would be slow and the risk to companies in locked down sectors was extreme. Policymakers needed to provide support to keep companies or even whole sectors viable. The fiscal stimulus packages had taken account of these considerations, with a range of grants and loans. Germany had created a massive contingency fund for corporate bailouts, together with provisions to prevent hostile takeovers of German companies made vulnerable by large drops in share prices. Spain and the UK extended their initial packages to cover the self-employed.

3. **The impact on households from loss of jobs or a decline in disposable income**. Where households had commitments to paying rents or mortgages, utility bills and other regular outgoings based on expectations of a certain level of income, a sudden stop to that income would have potentially devastating consequences.

4.2 Mitigating the impact of COVID-19 on housing in Europe: government responses

As fears of job losses and financial hardship increased in Europe, housing had become a key part of government responses (Simpson, 22 May 2020) and an increase in social housing had been planned as a key driver for recovery in some places. In Denmark, the government approved a €4bn fund in April to accelerate 453 social housing renovation and regeneration schemes. When it was announced, the country's housing minister stated that the number of jobs that would be provided for construction workers was one of the main drivers for the investment. In the Netherlands, a €1bn tax cut for housing associations in return for the construction of new homes was expected to result in as many as 80,000 new homes (Simpson, 22 May 2020 a).

Italy

Italy was the first European country to be devastated by the coronavirus and, as a country with 72% home ownership (albeit that many homes tend to be passed down through the family and the Italian housing market is therefore much less financialised than some other European countries), the issue of mortgages was tackled early. One of the first measures endorsed was the possibility of negotiating to temporarily suspend the payment of mortgages (Simpson, 22 May 2020), and a fund to help first time homeowners to pay their mortgages was strengthened and the number of people able to access it expanded.

Where the rented sector was concerned, while in many countries, the focus had been on how to protect the renter, in Italy the public debate was about how to protect the *landlords'* incomes. This was true for landlords who had long-term tenants, but especially for those who relied on *Airbnb* and similar platforms. An evictions ban, extended until September 2020 from an initial July deadline, was the only piece of national legislation brought in to protect private renters. It is predicted that a flood of evictions could follow when the ban is lifted. No central funding was made available to house rough sleeper, who in some cases were fined by police for not obeying the lockdown, despite having no home to go to.

Spain

Spain has one of the highest ownership rates in Europe, with 76% home ownership and 24% renting. It has had some of the most generous policies for protecting tenants and homeowners (Simpson, 22 May 2020). For people with a mortgage, payments were suspended and protections against possession were put in place for those able to prove they had been impacted by the virus. However, *El Pais*, Spain's largest newspaper, reported that only one in ten homeowners were able to satisfy the criteria to access the mortgage protection. For private renters, tenancy agreements due to end during the crisis were automatically extended until six months after the end of the country's state of emergency (thought to be June 2020). A ban on evictions was also put in place for the same period. Rents were frozen and in some cases reduced. Landlords with 10 or more properties *had to* reduce rents by as much as 50% during the state of emergency and for up to four months after it ends, or alternatively agree to a rent payment plan, which can be paid up to three years after the crisis. Renters were also enabled to access bank loans guaranteed by the government to help them cover rents, with a payment term of up to ten years. With social housing nearly non-existent, at around 2%, and renting cheaper than buying in all but two regions of Spain, there is a homeless population of between 30,000 and 40,000 people. As in other countries, massive efforts were made to house them, including using basketball arenas.

Germany

In Germany, nearly 49% of homes are rented and strong protections for renters are already in place (Simpson, 22 May 2020). In general German renters are secure, with permanent contracts that are very difficult to terminate other than for rent arrears. There is also a generous system of housing subsidy for low earners. The protection and subsidy available to renters was increased due to the COVID-19 crisis: an evictions ban was brought in for renters able to prove that their income had been affected by the crisis. Unlike other European countries where people have had to show that their income had dropped by 25% or 30%, in German law the impact on income can be lower (Simpson, 22 May 2020). They are expected to pay the rent back over a two year period, often with an interest rate of around 4%. The amount of housing subsidy available to renters was increased and the limit for those who can receive support was abolished, in order to help those unable to work. As a result of this support, the largest landlords had not seen large drops in their income. However, a third of the country's housing stock is owned by small private landlords and there were concerns for those who rely on this income, given that renters had been enabled to postpone payments for two years.

Ireland

Ireland went into full lockdown in late March, with construction sites closed for a month. Social housing sites that were nearing completion and deemed 'urgent' opened first, followed by others. With rents and homelessness already presenting challenges before the onset of the pandemic, the government imposed a three-month rent freeze and evictions ban on the private rented sector. Originally due to end on 27 June 2020, this three-month period was extended twice, until 1 August 2020.

The ban on eviction notices and rent increases was subsequently replaced by new rental laws that protect tenants economically affected by COVID-19 and who are at risk of losing their tenancy; these provisions apply until 10 January 2021 (Citizens Information, 2020). In May, Home Building Finance Ireland announced a number of supports to help both large and small housebuilders through the COVID-19 crisis 'and facilitate continuity of supply of new homes in the months and years ahead' (Home Building Finance Ireland, 2020). Looking to the future, commentators have suggested that with a likely downturn in new build output, the supply problems in Ireland's housing market may worsen, potentially further fuelling house price inflation (Fitzgerald, 24 July 2020).

4.3 The role of housing in the European recovery plan

Writing in July 2020, Cedric Van Styvendael, President of Housing Europe, noted that as a result of the coronavirus pandemic, many people had spent significantly more time at home, with around four out of 10 workers taking up teleworking for the first time. For those with children, homes had become schools and playgrounds and these experiences had raised questions about the housing stock, which lacks outdoor space, natural light and high speed internet. Evidence collated by Housing Europe indicated that almost half of all young people on lower incomes in the EU were spending 40% or more of their disposable income on housing, and 11.5 million households across the EU expected to leave their homes in the next six months because costs had become unaffordable. (Housing Europe, 2 July 2020).

Housing Europe had previously set out a collective view on the shortcomings of current housing policies and the role that its members could play in the anticipated recovery. (Housing Europe, 2 June 2020). The proposals were built upon three key principles:

- The need for more, and better, homes
- The building of cohesive communities; (supporting local public services: health/school/employment); and
- Homes must be greener (renovating public housing stock in Europe, contributing to the decarbonisation of the building stock and a $C0_2$ neutral Europe).

Section 5: COVID-19 and Northern Ireland

Previous sections of this report have outlined some of the key impacts of, and policy issues associated with, the response to COVID-19 across the UK as a whole and in Europe. This section looks specifically at the evidence on, and situation in, Northern Ireland.

5.1 'Unlocking' Northern Ireland

The Northern Ireland Executive published its 'roadmap' on reviewing and loosening coronavirus restrictions on 12 May 2020 (Northern Ireland Executive, 2020). The document characterised the pandemic as both a public health and an economic emergency that would cause severe social and economic damage and states:

'As such, action is required on both fronts to suppress the virus and mitigate the negative impact on livelihoods. That will become more acute as and when current support mechanisms from Government are tapered down or end'. (NI Executive, 2020, p6).

The document set out a staged approach to relaxing the restrictions, and guaranteed that they would not be retained for any longer than absolutely necessary. However, it also emphasised that restrictions would only be relaxed when the Executive was sure that it was in the long term interest of the health and wellbeing of the population. The approach was therefore published without a timetable, but at the time of writing a number of steps had already been taken, loosening the restrictions to some degree across most of the six 'sectors'[13].

Noting that the COVID-19 pandemic could be regarded as a 'Black Swan' event from which the economic fallout was unlike anything in recent experience, Magennis et al (May 2020) highlighted that the uncertainty resulting from such an event is reflected in the lack of a clear policy framework for understanding and responding to the economic impacts. In addition, the speed at which events had moved had presented a significant challenge for those engaged in policymaking and implementation at both central and local government levels. While the steps taken to restrict social interaction had significantly lowered the number of deaths from the virus, by comparison with previous pandemics, from an economic point of view, the pandemic containment measures had resulted in employees either working from home (where they could) or being laid off or placed on furlough, with the government paying much of their wages.

Magennis et al noted that while discussions had turned to exit strategies and measures to start regional and local economies, there remained a strong emphasis on public health measures and the duration of the associated restrictions would influence the economic impact experienced in coming months, as would any re-imposition of

[13] The Executive's approach outlined steps relating to Work, Retail, Education, Travel, Family and Community, and Sport, Cultural and Leisure activities.

controls, should the loosening of restrictions lead to a 'second wave'.

5.2 Impact of COVID-19 on the Northern Ireland economy

A paper produced by the *Pivotal* Public Policy Forum in June 2020 (Pivotal, 2020) considered Northern Ireland's economic position and prospects in the light of the pandemic in some detail. It noted that across the world, governments were in the process of attempting to balance the protection of public health with the need to reopen economies, and that the global economy was projected to contract by 3% – significantly more than during the global recession in 2008-2009 – in 2020.

Updating previously-published estimates, Magennis *et al* suggested in their May 2020 paper that Northern Ireland's economic output in 2020 could contract by 12.7%. The paper also offered a revised number of jobs potentially impacted by both furlough and layoffs, reflecting analysis of updated survey data, with the numbers revised *upwards,* from an earlier estimate of 235,000 jobs impacted, to 249,000.

While the study found that all council areas were likely to be badly affected by the shutdown of economies, it suggested that areas would not be *equally* impacted. Four council areas (Mid-Ulster; Mid & East Antrim; Newry, Mourne & Down and Causeway Coast & Glens) were expected to see the greatest proportionate impact in terms of both employment and Gross Value Added (GVA). This assessment reflected the sectoral concentrations of construction, many parts of manufacturing, accommodation and/or retail in these areas.

Danske Bank also revised its estimates of the contraction in economic output in Northern Ireland as more evidence of the lockdown impacts emerged between the first and second quarters of 2020. Having initially estimated that the economy would shrink by 7.5% during 2020 (Danske Bank, 2020a), the bank subsequently indicated that it expected the region's economy to contract by 11% (Danske Bank, 2020b). The bank suggested that during the year the number of employee jobs was likely to fall by around 2.8%, and the annual average rate of unemployment would double to 5.5%, (Danske Bank 2020b).

The bank's Q2 sectoral forecast indicated that over the course of 2020 the accommodation and food services sector was likely to be most affected, with a likely contraction of around 38% in Gross Value Added (GVA). Arts, entertainment and recreation (-25%) were similarly likely to be impacted by ongoing social distancing restrictions and 'other service activities', (which include businesses such as beauticians and hairdressing) were expected to experience a decline of around 19% in GVA. At 16%, the expected drop in output from the construction sector was similar to that of wholesale and retail trade (17%). However, the decline in real estate activities was expected to be lower, at 3.6%.

The bank did expect to see some recovery in the labour market in 2021, with the number of jobs rising by 0.4% and unemployment coming down slightly, to about 5.3%.

All areas of decline were expected to be limited to the first two quarters of 2020, with activity beginning to recover gradually in the second half of the year and into next year. Commenting in April, the bank's chief economist, Conor Lambe, expected that the gradual easing of lockdown measures should see the beginning of a recovery, with the range of government policy measures supporting the economy to get moving again. However, despite the anticipated return to positive annual growth rates from 2021, it was expected that total economic output might not return to its pre-coronavirus level until late 2022 or into 2023 (Deighan, 28 April 2020).

5.3 Labour market impacts on Northern Ireland

Claimant count and unemployment

Magennis et al (2020) note that the first official data on the claimant count and unemployment following the imposition of lockdown restrictions were the figures released by the Northern Ireland Statistics and Research Agency (NISRA) on 19 May 2020.

Where the claimant count[14] was concerned, these figures showed an increase of 26,500, to 56,200, over the month to 9 April 2020. At 89%, the seasonally adjusted growth in the claimant count over the month in Northern Ireland was higher than that for the UK as a whole (69%). At that stage, the claimant count comprised 6.1% of the workforce, which meant that the workforce unemployment rate had almost doubled in just over a month. However, the headline unemployment rate remained unchanged over the quarter, at 2.4%[15].

More recently-published figures (NISRA, 2020c) indicated that while the total claimant count decreased by around 1,200 in the month to 11 June 2020, it nevertheless stood at 63,100 (6.8% of the workforce). This was the second month in which the number of claimants exceeded 60,000 – more than double the count in March 2020. Nevertheless, the headline rate of unemployment, having increased marginally in May, again fell back to 2.4%.[16] Commentary produced at UK level by ONS in July sought to address the, perhaps surprising, flatness of recent unemployment statistics in the light of

[14] The experimental Claimant Count includes Jobseeker's Allowance claimants and those Universal Credit claimants claiming principally for the reason of being unemployed. More information is available from NISRA.

[15] The headline Labour Force Survey (LFS) unemployment measure is based on the International Labour Organisation (ILO) definition of 'unemployed': those aged 16+ without a job who were able to start work in the two weeks following their LFS interview and had either looked for work in the four weeks prior to interview of were waiting to start a job they had already obtained. For more information see the *Northern Ireland Labour Market Report*.

[16] More information on labour market statistics and how they are measured is available in the ONS Guide to labour market statistics. In summary:
Claimant Count rates for the UK as a whole and the regions within it are calculated as the number of claimants who are resident in each area as a percentage of workforce jobs plus the Claimant Count.
Workforce Jobs provides estimates of the number of jobs in the economy and is the preferred measure of short-term change in jobs by industry.
Unemployment rates are calculated, in accordance with international guidelines, as the number of unemployed people divided by the economically active population (i.e. those in employment plus those who are unemployed).

events since March. Based on initial exploratory analysis, it was noted that:

- A larger than usual proportion of those leaving employment were not looking for a job and were therefore becoming *economically inactive*, rather than *unemployed*; and
- An increased number of respondents who were previously unemployed had moved to economic inactivity in March to May 2020, suggesting that some who were previously unemployed were no longer looking for work. (ONS, 2020b)

Universal Credit

With Universal Credit (UC) an increasingly important component of the Claimant Count, Magennis et al also considered trends in UC claims as part of their review of the labour market impacts of COVID-19, drawing on Management information released by the Department of Communities (DfC); in order to meet the significant interest in data on UC claims, DfC created a dashboard summary, updated on a monthly basis.

The Management Information and dashboard indicated that on 1 March 2020 the number of adults on the live caseload claiming UC in Northern Ireland was 70,000, and the average number of claims during the first two weeks in March 2020 was 2,040 per week. From the week commencing 16 March to the week commencing 13 April (inclusive), a total of around 57,540 claims were made – around 47,000 more than might have been expected based on the normal level of claims – and by 26 April the live caseload had increased by 80%, to 126,000 adults (DfC 2020a).

After this initial surge, the weekly number of new claims began to level out and the dashboard data published in early August (DfC 2020b) indicated that an average of just under 2,000 claims had been made each week since the week commencing 18 May.

The Coronavirus Job Retention Scheme (the 'furlough' scheme)

The government has published UK-wide statistics on claims made to the Coronavirus Job Retention Scheme (CJRS), which include data for Northern Ireland. The July 2020 release (HM Revenue & Customs, 2020) provided information to 30 June 2020, which revealed that:

- Across the UK a total of 9.4 million employments had been placed on furlough.
- In Northern Ireland, 240,200 of 791,100 eligible employments had been furloughed, a take-up rate of 30%. This rate was in line with trends across the UK, which ranged from 29% in Wales, the East and South East, to 32% in the West Midlands.
- Within Northern Ireland, while the greatest *numerical* uptake of the furlough scheme was in Belfast council area (41,500 employments furloughed), along with Derry City and Strabane, Belfast had the lowest take-up *rate* (28%). The highest take-up rates were in Mid Ulster (35%) and Newry, Mourne & Down and Causeway Coast & Glens

(both 33%), reflecting concentrations of the employment sectors most impacted.

- In Northern Ireland, the sectors within which the greatest *numbers* of employments had been furloughed by 30 June 2020 were wholesale and retail (54,700); manufacturing (41,100), accommodation and food services (40,100) and construction (23,800).
- Analysed according to *take-up rate*, the sectors most impacted in Northern Ireland were accommodation and food services (78% of eligible employments furloughed), construction (70%), arts, entertainment, recreation and other services (61%) and mining, quarrying and utilities (60%).

Redundancies

Official statistics on redundancies in Northern Ireland are published as part of the monthly Labour Market Report, which notes that, under the relevant legislation, companies are only legally required to notify the Department of impending redundancies of *20 or more* employees. When considering the available statistics on redundancies, it is therefore important to bear in mind that:

- The figures provided are likely to be an underestimate of total job losses, because companies that propose less than 20 redundancies are not included, and it is not possible to quantify the extent of the shortfall;
- Since all *proposed* redundancies do not necessarily take place, the *confirmed* total provides a better indication of real job losses;
- Nevertheless, the notification data shows a high degree of correlation between proposed and confirmed redundancies when grouped by year.

The findings published in July 2020 (NISRA, 2020c) were analysed by comparison with the trends over the preceding 15-year period and indicated that:

Proposed redundancies

- 2,473 redundancies were proposed in June 2020 – the largest monthly total on record, and seven times the number proposed in May 2020 (342).
- Over the year from 1 July 2019 to 30 June 2020, 6,941 redundancies were proposed. This was the highest number since comparable records began in 2006, and 60% of the proposals had occurred since March 2020. The previous highest figure over the equivalent time period was recorded in the year from July 2008 to June 2009 (5,878).
- Around half (49%; 3,376) of the proposed redundancies were in manufacturing.
- There were 4,155 proposed redundancies between 1 March 2020 and 30 June 2020, with more employers making collective redundancy notifications in that four-month period than the whole of 2019.
- Manufacturing was one of four sectors (along with transportation and storage, accommodation and food services, and

wholesale and retail trade) that, in combination, accounted for almost 90% of all proposed redundancies between March and June 2020.

- Prior to March, there had been *no* proposed redundancies since July 2019 from the transport and storage sector, and accommodation and food services had accounted for only one per cent of proposals.

Confirmed redundancies

- During June 2020 the Department was notified of 40 confirmed redundancies.
- Over the 12 month period to 30 June 2020, there were 2,602 confirmed redundancies, a 44% increase by comparison with the previous year (1,813).
- More than half of confirmed redundancies (1,546; 59%) were in manufacturing

5.4 Prospects for recovery

In Northern Ireland, Pivotal (Pivotal, 2020) highlighted that many forecasters did not expect economic output to recover to 2019 levels until 2022 at the earliest. The scale of contraction in the region's economy was estimated to be much faster and larger than previous recessions and, while leading economists had considered the applicability of various recovery models, including a 'U', 'V' or 'W' shaped model, most were doubtful about a 'V' shaped recovery and had indicated that the nature of the Northern Ireland economy made it vulnerable to not returning to pre-COVID functioning for some time, if at all. Regardless of which model applies to Northern Ireland, the report concluded that recovery is likely to be a long term endeavour, probably longer than the rest of the UK and Ireland.

Magennis, et al (29 May 2020) also considered the potential for, and likely trajectory of, any recovery in the Northern Ireland economy. They noted that the length of the period of strict containment was a critical variable in estimating the way in which the local, national and global economies might weather the crisis, and described the four main scenarios that economies might follow:

The **V shaped recovery** is the best case scenario, in which the recession is relatively deep but is short term in nature and is followed by a strong recovery in Q3 and Q4.

In the **U-shaped recovery**, the recession is deep and prolonged. Growth slowly recovers to previous levels but economic activity remains below the pre-recession trend.

In the **W-shaped recovery**, the economy recovers quite quickly, but a 'second wave' outbreak forces a re-imposition of containment measures and pushes the economy back into recession after a short recovery in Q3.

The **L-shaped recovery** is the most damaging scenario, in which the recession is deep, growth does not return to pre-recession levels and permanent damage is caused.

Magennis et al concluded that the future scenario for the economy in Northern Ireland remained highly uncertain, as it depended upon the course of the COVID-19 pandemic, the public policy response (both for social distancing and mitigation of impacts) and the existing local economic dynamics. Their report also noted that expectations for the most positive scenario (a 'V'-shaped recovery) had weakened, with many forecasters not expecting economic output to recover to 2019 levels until 2022 at the earliest.

5.5 Economic indicators post-lockdown

Each month, Ulster Bank publishes the Northern Ireland Purchasing Managers' Index (PMI), which is compiled from responses to questionnaires sent to a panel of around 200 private sector companies operating in the manufacturing, construction, retail and services sectors. The headline figure generated by the survey is the Business Activity Index, which is based on a question about changes in the volume of business activity by comparison with the previous month. The Northern Ireland Business Activity Index is comparable with the UK Composite Output Index, and the structure of the index means that a figure of 50 or more represents growth by comparison with the previous month.

The most recent series of figures published by Ulster Bank showed a record contraction in the Index, to 29.1 in March, followed by a further unprecedented fall, to 8.3 in April (Ulster Bank, 2020a). The commentary in the report noted that:

> 'Around 87% of manufacturers saw production decline in April, with 90% of service providers recording a drop in activity. By way of comparison, the respective proportions seeing falls in the worst month of the global financial crisis (January 2009) were 44% and 48%.'

In May, the Index figure had climbed to 18.9, but this continued to represent a steep decline in business activity and was the second-lowest reading since the survey began in August 2002 (Ulster Bank, 2020b). With loosening of lockdown restrictions, the private sector decline continued, but softened, in June 2020, and the Index increased to 42.6; manufacturing had returned to growth, but the other three key sectors measured were still showing reductions in activity, and while the situation had improved, the fall in activity recorded in Northern Ireland was the second greatest of all 12 UK regions (Ulster Bank, 2020c).

At the time of writing, the most recently published PMI report was for July 2020 (Ulster Bank, 2020d). It showed that the further easing of lockdown restrictions had helped secure growth in private sector activity for the first time in 17 months. At 54.5, the index reading for July represented the fastest growth rate for two years, albeit from 'abnormally low levels'. (Ulster Bank, 2020d).

5.6 Measures to mitigate the economic impact of COVID-19

Recognising the wide-ranging impacts of the response to the Coronavirus crisis, the UK government and the Northern Ireland Executive put in place a range of measures to assist, households, businesses and the economy.

Analysis produced by Pivotal (2020) outlined that the support measures fall into three broad categories: tax reliefs, government backed loans and grants. Tax reliefs (business rate holidays and VAT deferrals) have provided immediate help to businesses and loans have provided much needed cash flow (Pivotal, 24 June 2020). Government loans, such as the Coronavirus Large Business Interruption Loan Scheme and 'Bounce Back' loans, have provided financial support to avoid immediate financial problems. However, as the authors of the report by Pivotal point out, such schemes could create long-term challenges for the economy, in that companies may be less likely to invest in growth in the future, while repaying a significant level of debt.

Specific initiatives and packages in Northern Ireland have included:

- A total of £313 committed for a **rates support package**, providing:
    - 100% relief for hospitality, tourism, leisure and retail properties (with some exceptions) to 31 March 2021;
    - 100% business rates holiday for all properties until the end of July 2020;
    - 100% rates relief for the three main airports in Northern Ireland until March 2021; and
    - 100% rates relief for childcare establishments until 31 March 2021 (Department of Finance, 19 May 2020)
- A £13.25 m funding package for community pharmacies (NI Executive, 1 July 2020)
- Additional funding through the June Monitoring Round for the Department for Communities, to support the arts (£4m), tackling homelessness (£4m) the Community Sport Fund (£4.5m) and the sports sector (£2m) (NI Executive, 1 July 2020)
- £12m (through the Monitoring round) for the summer food scheme for those qualifying for free school meals during lockdown and an additional £10.5m for childcare
- A number of grants schemes, including the Small Business Support Grant Scheme, the Retail, hospitality, tourism and leisure grant, and the NI Micro-business Hardship Fund
- An additional £10m for the Supporting People programme (The Executive Office, 19 May 2020)
- A £20.3m package to alleviate financial pressures faced by local councils, supporting cash flow in the absence of self-generated income lost through the closure of council facilities, and helping them to continue to provide essential services (The Executive Office, 19 May 2020).

Sectors such as tourism, hospitality, transport, retail, manufacturing and construction have seen the greatest impact from the ongoing need for social distancing. The Stormont Executive agreed to reduce social distancing in Northern Ireland from 2 metres to 1 metre, with effect from 29 June 2020 (BBC News NI, 25 June 2020).

A few weeks after lockdown commenced, the body representing company directors in Northern Ireland (IOD) published a list of measures that it argued would mitigate the economic impacts of the virus outbreak (IoD, 15 April 2020). The 10 point plan was developed with assistance from the Ulster University Economic Policy Centre and consultancy firm Belmont Strategy and drew on input from Institute of Directors members across Northern Ireland. The proposals to mitigate the economic impact of the virus were (Business First, 16 April, 2020):

- Introduction of temporary flexibility in procurement rules to allow senior civil servants to procure the goods and services essential for healthcare requirements, and in doing so to support local enterprises that manufacture products for the healthcare sector.
- To use the expertise and skills of furloughed workers to meet the needs of essential roles, such as delivering supplies to the healthcare sector or essential good to vulnerable people.
- "Value for money" requirements on public expenditure should be relaxed to enable quicker decision making.
- Government support should target small enterprises with cash flow issues. Support could be in the form of short-term survival grants: interest free loans followed by a staged repayment.
- Close monitor of banking activity to ensure businesses have access to the support they need. The Department for the Economy should establish a team to work with businesses on issues, such as lending terms.
- Maintain a functioning planning system, to allow continued investment. This would allow progress to be made on existing schemes, creating a pipeline of consented schemes, attracting investment and creating employment over the next 12-24 months.
- Accelerate capital projects to generate investment and economic activity. This would help create employment and investment, while delivering new infrastructure in Northern Ireland.
- Continue to progress existing policy developments that would stimulate investment and act as economic drivers and continue to progress the new Energy Strategy, which should help attract investment and create jobs over the next ten years.
- Prioritise reliable evidence to provide targeted support for businesses, based on a comprehensive survey of relevant organisations across Northern Ireland., to identify those most in need and design and implement an appropriate policy response.
- Plan for Northern Ireland's economic recovery and return to competitiveness, with a dedicated team put in place to work with businesses and stakeholders on measures to stimulate economic growth.

Richard Johnston, Deputy Director of the Ulster University Economic Policy Centre, argued that the 10 areas of focus reflected the main challenges facing IOD NI members and that, if implemented, these interventions would help to sustain many businesses across Northern Ireland in both the short and longer term.

More recently, as well as discussing the economic challenges that existed before the coronavirus crisis (low skills, low paid jobs, low productivity, relatively high levels of poverty and economic inactivity and lack of investment infrastructure), a report published by the 'Pivotal' Public Policy Forum (Pivotal, 2020) considered the impacts of COVID-19 and how they might be mitigated. The report identified a number of opportunities for 'new thinking, new ideas and new ambition' (Pivotal, 2020 p11) in relation to:

- Consumers finding new ways to access services and goods;
- Businesses reacting to lockdown restrictions by broadening their customer base and product ranges;
- The substantial increase in home working;
- Benefits to the environment from reduced commuting, congestion and pollution;
- Huge reductions in travel due to lockdown, with increased numbers of people walking and cycling; and
- Recognition among the public that many of those putting their lives at risk to keep others safe were in the lowest-paid jobs.

In view of these 'opportunities' and the wider challenges already facing Northern Ireland, the report concluded that 'Whilst the Executive has acted to minimise the negative impacts on individuals and firms, a more wide-ranging and long-term approach is needed to put Northern Ireland's economy on track for the future' (Pivotal, 2020, p11). Moving forward, the report therefore suggests that consideration should be given to:

An ambitious economic vision for Northern Ireland, covering issues such as 'transformation of skills', investment in infrastructure (including water and sewerage), a focus on 'green' jobs and investment, and creation of quality jobs that will benefit everyone.

Developing a sustainable future through: improved broadband coverage for a better connected region; a climate change strategy for Northern Ireland to help make progress on carbon emissions targets; and 're-imagined' towns and cities.

Production of a **skills development plan** as a catalyst for productivity.

Production of a resourced **educational recovery plan** to 'level up' the educational loss that some children experienced during lockdown.

The Coronavirus Job Retention Scheme, often referred to as the 'furlough scheme' has been one of the most utilised government support packages. In Northern Ireland, almost a quarter of a million employments (around 240,200) were supported through the scheme, but from August 2020 the government has encouraged a return to work, even on a part-time basis, with employers paying salaries.

However, the prospect of returning to work, for those who have been on furlough or working remotely, presents its own challenges. Social distancing measures appear likely to be in place for some time, and this has significantly changed the way people work, travel and use towns and cities (Pivotal, 24 June 2020).

In June 2020, reporting that many people who worked from home during the coronavirus pandemic had been considering how they would travel to their workplace as businesses begin to re-open, the BBC (Colhoun, 20 June 2020) referred to the findings of the Travel Survey for Northern Ireland (NISRA, 2020e) which showed that between 2016 and 2018 the average worker in Northern Ireland travelled 2,901 commuting miles over 310 journeys, and that most (81%) travelled to work by car or van.

With exemptions for those unable to wear a face covering for specific health or medical reasons, the wearing of face coverings in public transport (buses, trains and ferries) became mandatory in Northern Ireland from July 10, 2020 (McClafferty, 2 July 2020).

5.7 Environmental aspects of the recovery

In late May, more than 40 business, community and environmental organisations wrote to the First and Deputy First Ministers, stating that the Northern Ireland Executive should lead the long-term recovery 'by putting a resilient economy, healthy communities, and a thriving natural environment at the heart of the recovery effort' (RSUA, 2020). The open letter called for a range of environmental commitments, related to three broad issues:

- *'Creating a more resilient economy'* by developing and delivering the 'green new deal' commitment contained within the New Decade, New Approach agreement;
- *'Increasing space for nature and people'* by enhancing access to, and improving provision of, high-quality green spaces, which are essential pre-requisites for good health, wellbeing and prosperity; and
- *'Strengthening nature's protections'* by delivering an independent Environmental Protection Agency and introducing legally binding targets for the restoration of nature and incentivising sustainable approaches to food production, farming and fishing.

Northern Ireland is the only region of the UK without an independent Environmental Protection Agency.

5.8 Social and societal impacts

Impact of COVID-19 on children and families

The response to COVID-19 impacts every aspect of life and society, with consequences for how and with whom we work, interact and socialise, how we learn, and the opportunities for recreation and the hobbies, community and sporting activities that generally contribute to mental and physical health and wellbeing. Drawing on feedback from colleagues in the voluntary sector, NICVA (Maguire, 15 May 2020) highlighted concerns across community and voluntary organisations that the impact of the pandemic would exacerbate the challenges faced by children, young people and families – especially the most vulnerable. A number of issues were highlighted, including:

- The effect of social distancing measures in increasing feelings of loneliness and isolation, leading to chronic loneliness, which can impact on long term mental and physical health.
- The increasing number of families being pulled into poverty as a result of job losses, business closures or increasing financial pressures, and the impact of poverty on children and young people.
- The additional challenges associated with 'digital poverty', given the reliance on digital services for children and young people to access education and the fact that not every family will have access to the equipment required.

Psychological impacts and mental health

An online survey carried out in Northern Ireland as part of a UK-wide study by researchers from the Stress, Trauma and Research Conditions (STARC) team at Queen's University, Belfast sought to explore the psychological impacts of the first month of lockdown (Queen's University, Belfast, 2020).

The study found that of 470 people surveyed in Northern Ireland, one third met the criteria for Coronavirus-related anxiety and depression, while one in five met the criteria for post-traumatic stress disorder related to the pandemic. The survey found that the most at risk groups for mental ill health during the first month of lockdown included those with pre-existing mental health conditions, key workers, those who consumed a high volume of COVID-19 related information via the media, younger people and those who were highly concerned about infection. The survey also found that:

- almost three-quarters (72%) of participants were highly concerned about the ability of the health service to care for coronavirus patients, if the situation were to deteriorate.
- Approximately half (49%) stated they were highly concerned about the Government's ability to manage the situation.
- Half (50%) were highly concerned about the financial implications of the outbreak, particularly those who reported a self-perceived lower than average income.

NISRA Coronavirus (COVID-19) Opinion Survey

In April 2020, the Northern Ireland Statistics and Research Agency (NISRA) launched a new opinion survey to measure how the COVID-19 pandemic was affecting people's lives and behaviour in Northern Ireland (NISRA, 2020b). The results of the first phase of the survey were based on 925 interviews carried out between 21 April and 22 June 2020. A second report, which provided a combined overview of findings from the first eight weeks of the survey (21 April to 23 July) was subsequently published in August 2020 (NISRA, 2020f). The survey found that:

- During the first phase, 0.2% of respondents had been officially diagnosed with coronavirus by a medical professional in the previous seven days, and one per cent said they had had coronavirus symptoms in the previous seven days. Over the course of the full eight-week Phase 1 *and* Phase 2 period, 0.1% said they had been officially diagnosed in the previous seven days, and the proportion reporting symptoms remained at one per cent.
- During Phase 1, three-quarters of people (76%) said that they were very or somewhat worried about the effect the virus was having on their lives, and a higher proportion (84%) were worried about how it was affecting their family and friends. The combined Phase 1 and 2 findings showed slightly lower levels of concern; 72% were very or somewhat worried about the impact of COVID-19 on their lives and 81% were worried about the impact on friends and family.
- The vast majority (84%) of Phase 1 participants had avoided contact with older people or other vulnerable people in the previous seven days because of the outbreak. The overall figure for both phases of the survey was slightly lower (80%).
- Just under one third of people (31%) interviewed during Phase 1 thought it would be more than a year before life returned to normal. However, the combined Phase 1 and 2 results suggest that as time went on, more people expected the impacts of the virus to last for longer: 36% of respondents interviewed by 23 July expected that it would be more than a year before life returned to normal.
- Asked about the ways the virus was affecting their lives, the most common response, from 66% of respondents during Phase 1 and 63% of the combined sample during Phase 1 and 2, was that they were unable to make plans. Other affects were on:
    - travel plans (60% Ph1; 59% Ph 1 & 2)
    - wellbeing (58% Ph 1; 56% Ph 1 & 2)
    - life events (53% in both Ph 1 and Ph 1 & 2))
    - work (51% Ph 1; 50% Ph 1 & 2)
- Asked about their single biggest concern, from all the worries reported, the most common response was that the respondent's wellbeing was being affected (16% during Ph1; 15% during Ph 1 & 2) followed by work (13% during Ph 1; 12% during Ph 1 & 2) and schools and universities (12% Ph 1; 14% Ph 1 & 2)
- Almost one third of respondents (30% during Ph 1 and 29% over the course of the full Ph 1 and 2 survey period) said their finances were being affected at the time of the survey and just over one third of people (34% in Ph 1; 32% over the full period) expected the financial position of their households to get worse in the next 12 months.
- The majority of respondents (90% in Ph 1; 87% over the full period) expected the general economic situation to get worse in the next 12 months, and 59% (consistent

during the first phase and both phases) expected it to get *a lot* worse.

- By comparison with a pre-COVID survey that measured the same wellbeing indicators in 2018/19, the survey showed that life satisfaction, happiness, and feeling that 'what you do in life is worthwhile' were all significantly lower, and the rating for anxiety had also worsened.
  - Similarly, the proportion of respondents who felt 'more often lonely' during Phase 1 (42%) was significantly higher than in a 2018/19, pre-COVID survey (35%). Over the two phases of the survey, however, the proportion feeling 'more often lonely' was slightly lower (39%) and this was not considered significantly different from the findings of previous, pre-COVID surveys.
  - More positively, 78% of respondents (the same proportion in both the first phase and the combined sample) strongly agreed that if they needed help, people would be there for them, and the majority (81% during Phase 1 and 82% for the combined period) agreed that if they needed help other local community members would support them.

Section 6: Impact of lockdown on the Northern Ireland housing market

As outlined earlier in this document, the housing market in Northern Ireland was, for all intents and purposes, closed between late March and mid-June 2020, which restricted households' ability to buy, sell or rent property, and to move house.

Writing in April, Jordan Buchanan, Chief Economist at PropertyPal (Buchanan, 2 April 2020) noted that buyers were unable to view properties, parties could not meet to sign documents, removal companies were not operating and estate agents and surveyors could not physically visit properties for valuations. Evolving technology had permitted some elements of the house buying process to continue through virtual viewings, smartphone live tours and 3D walkthroughs of properties, but in the week leading up to the end of March the supply of properties added to PropertyPal and the level of buyer interest had fallen by more than 60%, compared with the same period in 2019.

Not surprisingly in the circumstances, the fall in listings was accompanied by a rapid fall in sales: summarising a presentation by Buchanan, Frey (2020) noted that during the month of April 2020 the number of house sales in Northern Ireland was approximately 80% lower than in April 2019. This was a larger drop in transaction levels than in the other three areas of the UK. However, subsequent analysis (PropertyPal, summer 2020) showed that interest in the property market increased substantially again from mid-May onwards.

6.1 House prices indices and housing market research: January-June 2020

Q1 2020

Research carried out by Ulster University in partnership with the Housing Executive and Progressive Building Society (Ulster University, 2020) provided insights on the impact of COVID-19 on the housing market in Northern Ireland during the first quarter of the 2020 calendar year. Despite the relatively optimistic start in January and February, which followed on from an extended period of relative stability in the region's housing market, the introduction of coronavirus lockdown measures towards the end of March resulted in a 23% drop in housing transactions captured by the research during the first quarter of 2020 by comparison with the same period a year earlier.

Agents who contributed to the survey were optimistic that the easing of lockdown restrictions and reopening of the housing market would release a strong level of pent-up demand and that pricing would remain stable, but, given the wider challenges emerging as a result of the response to the pandemic, the commentary in the report was cautious about the longer term outlook.

Land & Property Services and NISRA produce a quarterly report on house prices in Northern Ireland, which is the Northern Ireland component in the single official UK House Price Index. The index uses a *characteristics* method of hedonic modelling to calculate the value of a standardised house and, using data on residential sales recorded by HM Revenue & Customs for Stamp Duty purposes, provides information on all transactions.[17]

Due to the effect of the COVID-19 pandemic on the housing market, LPS took the decision to suspend publication of the April-June 2020 (Q2 2020) Northern Ireland House Price Index, which had been due for release on 19 August. However, the report for Q1 2020 (LPS, 2020) indicated that there had been 4,746 verified residential property sales during the quarter, a number that was due to be revised upwards to include late notifications.

In light of the lockdown measures, the report noted that the housing market in Northern Ireland had essentially paused from 23 March. The data collated by LPS showed that while the number of transactions recorded in the first three weeks of March 2020 was 19.1% *higher* than the initial number of transactions recorded for the same period the previous year, the number of sales recorded in the last week of March 2020 was 49.7% *lower* than for the equivalent period in 2019.

[17] For more information see *Northern Ireland House Price Index Methodology 2016*

Other research on the housing market in early 2020 pointed towards muted expectations for the second quarter of the year. The Royal Institution of Chartered Surveyors (RICS) and Ulster Bank survey carried out in March suggested that although activity was perceived to have held up more strongly in Northern Ireland than some other UK regions, the majority of respondents expected both sales activity and prices to fall over the next three months.

Commenting on the findings of the survey at UK level, the RICS chief economist noted an expectation that households might remain cautious for an extended period of time in the light of the fall-out from the response to the pandemic. It was also suggested that the Government should consider medium- and long-term measures to assist a post-pandemic housing market, including a stamp duty holiday as a short term measure to reactivate the housing market (*Business First*, 9 April 2020).

A few weeks later, emphasising that more details on housing market activity would help pave the way for economic recovery following COVID-19, the Royal Institution of Surveyors (RICS) urged the Northern Ireland Executive to provide information on when activity in the housing market, such as inspections and valuations, would restart (Canning, 14 May 2020).

With the lockdown measures having begun to ease in England, Northern Ireland was the next part of the UK to allow its housing market to re-open, permitting house viewings, securing mortgages and house moving. First Minister Arlene Foster was quoted at the time as commenting that: 'The real estate industry has the highest multiplier effect in the economy and I'm therefore pleased to announce our Coronavirus Regulations will be amended to permit house moves for the sale of homes from Monday 15 June' (Lewis, 11 June 2020).

Q2 2020: Ulster University research

The Ulster University/Housing Executive/ Progressive Building Society House Price Index report for the second quarter of 2020 was published in August. With the analysis period only including around two weeks when the housing market was formally 'open', albeit in a changed format, the sample of transactions captured by the survey was understandably much-reduced, at 570, by comparison with the average over preceding quarters (generally 1,900-2,000). Nevertheless, at Northern Ireland level, the average price of properties transacting remained more or less stable by comparison with pricing trends over the last year or so.

The analysis included a review of comments and insights from estate agents and surveyors on their sense of the housing market and expectations over the short- and medium-term. Some of the points raised were that:

- The initial emergence from lockdown restrictions and the partial closure of the economy had seen strong pent-up demand and near-normal activity levels within the housing market.
- Government stimulus tools, including the forthcoming change to the stamp duty threshold, were perceived to have helped encourage activity in the housing market and it was thought that this was likely to continue during the latter half of 2020.
- However, there was an expectation that the final quarter of the year, bringing with it the end of the furlough scheme and a greater sense of the full economic implications of the response to the pandemic, could be a more challenging time for the housing market.
- The impact of the pandemic appeared to have varied across Northern Ireland during Q2 2020, with some localised markets having experienced a much greater downturn in transactions, by comparison with the equivalent period in 2019, than others.
- The majority of agents had noticed sales failing to complete due to revision or withdrawal of mortgage products and tightened lending criteria and in many instances the deposit requirements for first time buyers had increased, with falling loan-to-value ratios. A number of respondents stressed that the first-time buyer segment of the market needed assistance with lower deposits and the reintroduction of ISAs.
- Agents expressed concerns about the numbers of furloughed staff in the high street retail sector and hospitality industry that would retain their jobs, and the majority viewed the end of the furlough period as a potential watershed moment, fearing that significant redundancies would feed into the housing market and, without meaningful economic intervention, result in increased repossessions.
- The potential of an 'impasse' arising from uncertainty about the future direction of house prices and the housing market was

highlighted, with agents commenting that investors begin to hold off as they feel prices will fall, but sellers are trying to sell *before* prices fall. (Ulster University, August 2020)

Where the 'stamp duty holiday' is concerned, data collected by Ulster University indicate that around three quarters of properties sold on the open market in Northern Ireland between Q3 2019 and Q2 2020 were priced at or under £200,000, so the temporary change should mean that the vast majority of residential property bought in the region for occupation as the main dwelling until the end of March 2021 will be exempt from stamp duty.

Research and insight from PropertyPal

PropertyPal also publishes data and commentary on trends in, and the outlook for, the Northern Ireland housing market. Commenting in June (*Irish News*, 19 June 2020), Chief Economist, Jordan Buchanan, noted that the housing market closely follows the wider economic climate, which had clearly entered a deep recession. While the government's furlough scheme had prevented mass unemployment and largely protected incomes and the affordability of housing costs, the full impact of the new economic reality would be more visible in three to six months, when some furloughed workers returned to active employment. While it was suggested that a quick economic recovery might plausibly lead to short term house price reductions of around five per cent, a weaker recovery with higher levels of unemployment would likely result in a greater downward impact on house prices.

Impact of the lockdown on buyer/mover sentiment and preferences

In summer 2020, PropertyPal published the findings of a survey, carried out between 26 May and 2 June while the housing market was still closed under lockdown restrictions, which aimed to assess levels of demand and help gain an understanding of whether, and how, the pandemic and lockdown had changed attitudes and priorities relating to property purchase. Some of the key findings were that:

- Of those who planned to buy before the pandemic was declared, almost one in five no longer intended to purchase a property in 2020.
- On the other hand, of those who did not plan to buy before the pandemic, almost one in four had decided they would. It was considered that the net effect of changed purchasing intentions was minimal, and the overall level of demand for house purchase within the group remained the same.
- 14% of the respondents who took part in the survey did not expect house prices to change in the next 12 months. With fewer than 5% in total expecting prices to rise, expectations appeared very much weighted towards some level of *decrease* in house prices over the coming year.

Position and views of first time buyers

- Among the first time buyers who took part in the survey, the main reason for wishing to buy a home was 'household decisions', followed by 'personal fulfilment' and 'cheaper than renting'. Almost one third (30%) wished to purchase in Belfast and the preference was for a detached (41%) or semi-detached (32%) home.

- Just over two fifths (43%) of the first time buyers surveyed intended to have a deposit of up to £19,999 before purchasing.
- Asked about their price range for purchasing, 38% indicated that they intended to buy a property under £140,000, 33% intended to spend between £140,000 and £179,999, and the remaining 29% were looking at homes priced £180,000 or more. The majority (62%) said COVID-19 had made no difference to their budget, but 22% were looking at more affordable properties in light of the pandemic and lockdown.
- Most (around 85%) expected house prices to fall over the coming 12 months.

Where *location* was concerned, first time buyers indicated that a number of features had become more important in the light of the lockdown. The most commonly-cited were:

- Being in an area of high internet speeds and mobile networks (39% of respondents);
- Being close to family (36%); and
- A good sense of community (27%).

The property *features* that had become more important following experiences of lockdown were:

- Garden or outdoor space (68%)
- Home office (40%)
- Privacy (37%)

Position and views of home movers

- The main reasons cited by movers for buying a home were personal fulfilment (40%), security (28%) and 'asset' (26%), and this group had a strong preference for detached homes (75%).
- Belfast was the most popular choice of area to live in, but to a lesser degree than among the first time buyers (20%, compared with 30%).
- Almost half (46%) were looking for a property priced under £200,000, 37% had a budget in the £200,000-£299,999 range, and 17% intended to buy a home priced at £300,000 or more.
- Where property *location* was concerned, the main aspects that had become more important due to the lockdown were:
    - Being in an area of high internet speeds and mobile networks (34%)
    - Wanting to be close to family (29%); and
    - Waiting to live in a rural location or the countryside (28%).
- The property *features* identified by the greatest proportions of respondents as having increased in importance based on their experience of lockdown were:
    - Garden or outdoor space (62%)
    - Privacy (41%)
    - Home office (40%)

The survey findings suggested that households had reconsidered their priorities about the area and style of home in which they wished to live as a result of the lockdown experience (Northern Ireland Chamber of Commerce and Industry, 2020). They also point towards possible future challenges:

1. Over half of the first time buyers who took part in the survey (53%) said there had been

no impact on their deposit, and 15% said it had increased. However, 15% said their deposit had *decreased*, and a similar proportion (16%) said they had neither a deposit nor cash savings. In July, Northern Ireland's four main banks announced they would be asking for higher deposits from homebuyers, in response to the economic impact of coronavirus (Canning, 8 July 2020). It remains to be seen whether the requirement for higher deposits, which was also highlighted by agents contributing to the Ulster University research, is a short term, precautionary measure, or remains a feature of the lending environment for the longer term. With figures collated by UK Finance indicating that first time buyers have generally accounted for around 60% of mortgage lending in Northern Ireland in recent years, their willingness and ability to purchase is a key factor in the functioning of the local housing market. It was reported in August (BBC News NI, 23 August 2020) that Co-Ownership[18] had received an almost threefold rise in applications over the seven weeks since the beginning of July, and that the profile of applicants had also changed. There had been a greater number of applications from police officers, healthcare workers, teachers and civil servants whose experience of lockdown appeared to have prompted them to purchase their own home; these households had relatively secure income streams, *but were not in a position to save the deposit of around 15% required by most lenders*.

2. The majority of potential buyers and movers who took part in the survey had an expectation that house prices would decrease – to a greater or lesser degree – over the next twelve months. How this expectation might influence decision-making depends on a variety of factors, but – as also referred to by agents who took part in the Ulster University research – has the potential to put a brake on activity if buyers feel they can hold out for lower prices. It had also been suggested that any significant increase in the number of available *rental* properties at discounted rates could exert downward pressure on house prices. This had been the case in the early stages of the pandemic in London and Dublin, as a flow of former AirBnB properties had flooded the marketplace, although the number and impact of such sales in Northern Ireland would be much smaller. (Buchanan, 2 April)

6.2 Longer term outlook for the NI housing market

The longer term prospects for the housing market in Northern Ireland are likely to depend, to a large degree, on the extent and speed of any return to 'normal' levels of economic, business and social/recreational activity. At the

[18] The Northern Ireland Co-Ownership Housing Association – usually referred to simply as 'Co-Ownership' – assists people who would not otherwise be able to access home ownership, for reasons such as difficulty raising a deposit, low income or non-permanent income, to do so. As well as the part-buy, part-rent model that has assisted thousands of households to own their own home, Co-Ownership also offers a rent-to-own solution. For more information see Co-Ownership.

time of writing, in late August 2020, while the number of people dying with COVID in the region had, thankfully, reduced substantially since the peak in the spring and remained low, there was concern about an upward trend in the number of cases and the threat of further localised, or even Northern Ireland-wide, lockdown measures being re-imposed.

Earlier in 2020, it had looked possible that if there were no damaging structural impacts on the performance of the economy and only a short term 'pause' in the housing market by way of response to COVID (Buchanan, April 2020) the outlook could be reasonably optimistic. As time has gone on, however, many sectors have suffered heavy job losses across the UK. Northern Ireland has faced its share of this fallout, and it is likely that more pain lies ahead, when the furlough scheme ends. In this context, the longer term outlook for the housing market, dependent as it is on certainty, income and households' ability to borrow and make repayments, may well be more challenging.

Buchanan's April 2020 analysis noted that at that time the UK stock market was pricing in a 12% fall in house prices. From a Northern Ireland perspective, PropertyPal's modelling at that time suggested a reduction in prices in the short term of 3.5%, but potentially by more in a prolonged lockdown situation. Price growth was expected to pick up during the rebound period giving negligible growth over the next 12 month period (Buchanan, 2 April 2020).

The role of consumer confidence in sustaining the economy

A key influence on the buoyancy of the housing market and households' willingness to move home or buy property is consumer confidence. Danske Bank produces a quarterly Consumer Confidence Index for Northern Ireland, which provides a useful indication of sentiment. The report for the first quarter of 2020 (Danske Bank, 2020c) drew on the results of a survey carried out in March 2020, which only partly captured the impact of the lockdown on sentiment levels, but showed that:

- The index, which takes as its base Q3 2008, fell from 129 in Q4 2019 to 119 in Q1 2020. This was the lowest reading since 2013.
- 43% of consumers surveyed cited 'global risks' as having the largest *negative* impact on their confidence levels. The proportion selecting this factor as the most negative influence was considerably higher than in previous surveys, and this was taken to relate to the pandemic.
- Asked about the factor that had most *positively* impacted their confidence, 23% cited the return of the Stormont Executive, but almost as many said they 'didn't know', which was considered to be consistent with the fall in sentiment during the quarter.
- 25% of respondents felt their financial position had improved over the last twelve months, but 27% said it had worsened, and 36% expected their finances to worsen over the next twelve months.
- One fifth (20%) expected their job security to worsen over the next twelve months and two

fifths (42%) expected to spend less on high value items over the coming year.

Danske Bank's report on the second quarter of the year was based on a survey carried out in June 2020, when lockdown restrictions were gradually easing. It showed that:

- The confidence index reading increased marginally, to 122.
- Asked about the factor that had impacted most negatively on their confidence, the greatest proportion of respondents (18%) referred to the imposition of lockdown restrictions. The second most commonly-cited issue was the UK Government's Brexit objectives (15%).
- The timing of the survey meant that the 'gradual easing of lockdown restrictions' was the most positive factor for 30% of respondents, while 16% referred to government measures to protect jobs. However, a similar proportion (around 17% and the second highest proportion of respondents overall) 'didn't know' of anything that had impacted positively on their confidence.
- The proportion of respondents who felt their financial position had improved over the previous twelve months decreased slightly to 21% (25% in Q1), while the proportion who felt their position had worsened increased to 31% (27%). Just under one third (30%) expected their financial position to deteriorate over the next year, which was lower than during the previous quarter.
- 17% expected their job security to worsen over the next twelve months and 44% expected to spend less on high value items.

Considering the overall picture at the end of the second quarter, the report suggested that, to date, April 2020 represented the low point for the economy during the response to the pandemic. The easing of lockdown restrictions had been accompanied by tentative growth in confidence, but 'while the easing of the measures and the reopening of businesses was a welcome development for many people, the unprecedented step of having to shut down large parts of the economy due to the pandemic is likely to influence consumer behaviour and willingness to spend for some time to come' (Danske Bank 2020d, p4).

The report also noted that, with the job retention scheme unwinding from August and due to come to an end in October, the number of people losing their jobs was, unfortunately, likely to increase. In addition, the particular challenges for Northern Ireland presented by Brexit, while somewhat overshadowed by the impacts of the response to the coronavirus, remained, and continued to cause uncertainty for both households and businesses.

Comparisons with 2007/08?

Just over a decade on, the Global Financial Crisis and resulting housing market downturn in Northern Ireland from 2007/08 onwards remain relatively fresh in the memory. Buchanan's April commentary noted that the economic crisis in 2007/08 was the result of a credit crisis where lenders faced restrictions of credit and high borrowing costs. Due to the increase in unemployment (from 3.6% to 8.1%), there was a surge in homeowners having to sell their properties at much lower prices than they had paid, due to inability to meet the inflated payments required.

However, he argued that, without a surge of forced sellers, the extent of any post-lockdown price reduction should be more limited than that of the 2007/08 downturn, at least in the short term; initiatives introduced by the government and lenders, including mortgage holidays, deferred rates and VAT bills and interest-free borrowing were expected to support businesses and households, and the job retention scheme had been a significant intervention to control immediate mass increases in unemployment. The supports and mitigations put in place locally and nationally cannot continue indefinitely, however, and the latter months of 2020 and beginning of 2021 may yet prove difficult for many households, especially given that some of the legacies of 2007/08 have taken some time to fade.

Negative equity, for example, remains a problem in Northern Ireland, with UK Finance figures demonstrating that at the end of 2018 around 6% of all outstanding mortgages in the region were in negative equity, compared with approximately one per cent for the UK as a whole (Frey, 2020). While the proportion may have decreased in the period up to Q1 2020, it may rise once again if prices fall sharply in the near future. PropertyPal's estimates in early summer 2020 suggested that Northern Ireland's economy would contract by around 9% in 2020, then increase by 7% in 2021. In this scenario, house prices could contract by nearly 7% in 2020, before returning to the growth rate of around 5% that has characterised Northern Ireland's housing market in recent years. While much will depend on the severity and duration of the economic consequences arising from the current situation, the fact that Northern Ireland entered the pandemic with a housing market that had a reasonably realistic pricing structure (relative to local earnings) should help guard against the high levels of negative equity that arose post 2007/08.

The 2007/08 downturn also resulted in a substantial reduction in new housing output in Northern Ireland. Figure 1 illustrates that from a combined private and social housing output of almost 14,000 in both 2005/06 and 2006/07, the total number of completions was lower than 6,000 each year from 2011/12 to 2015/16. Having gradually increased until 2018/19, the number fell slightly in 2019/20, and is expected to fall further in 2020/21, with commentators suggesting that there will be about 3,000-4,000 home completions in 2020, a decrease of 40%-50% on last year (Buchanan, summer 2020).

Figure 1: Private, social and total new housing completions, Northern Ireland, 2005/06-2019/20

Source: Department of Finance New dwelling statistics, Quarter 2 2020

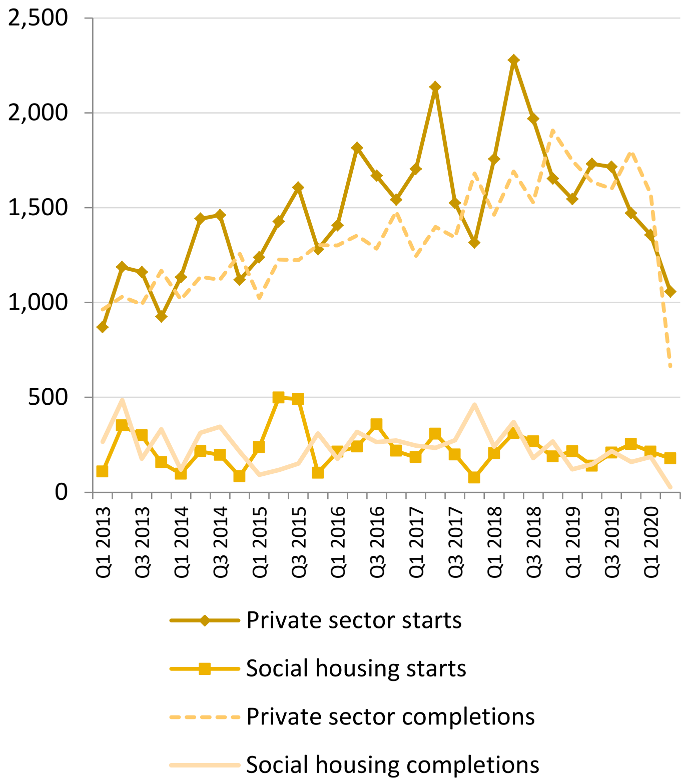
Social housing starts were particularly hard hit by the imposition of lockdown restrictions in March 2020. With a traditionally 'back-loaded' programme that tends to see the bulk of starts concentrated at the end of the financial year, the inability to work during the last week of March and the uncertainty in the run-up meant that only 761 of the planned 1,850 starts for 2019/20 were achieved, by comparison with 1,786 the previous year (Barker, 5 June 2020).

In March 2020, housing associations had requested a six-month extension to the social housing grant programme, due to the impact of the coronavirus pandemic (Barker, 31 March 2020). The Northern Ireland Federation of Housing Associations (NIFHA) stated that an extension would ensure that money set aside for the SDHP could be used to build much needed new homes.

While the Executive had said that building sites could stay open during the pandemic as long as social distancing guidelines were followed, many construction sites stopped work and the Construction Employers Federation called for all 'non-essential' construction work to cease. NIFHA asked that housing associations should be made 'central to any fiscal stimulus' and that frontline staff should be confirmed as key workers with priority access to personal protective equipment (Barker, 31 March 2020). It also requested that ministers consider giving housing associations and their contractors extra financial help to compensate for the impact of COVID-19.

The expectation of lower overall housing output during the current financial year is supported by the figures for Q2, 2020 (Department of Finance, 2020), which indicated that, not surprisingly, the number of new dwelling starts, and to an even greater extent the number of completions, fell during the lockdown period (Figure 2). While it would be hoped that a steady and increasing level of new housing starts (and completions) can be maintained during the remainder of 2020 and into the future, commentators have noted that it is unlikely the construction sector will return to pre-COVID levels of output quickly (AgendaNi, July 2020a).

Figure 2: Private and social housing starts and completions, Northern Ireland, Q1 2013-Q2 2020



Source: Department of Finance New dwelling statistics, Quarter 2 2020

6.3 The Private Rented Sector

As in other parts of the UK, Northern Ireland's private rented sector has grown substantially in recent decades, and by 2016 around one in five households in the region was renting privately (NIHE, 2018b). The sector provides homes for a diverse range of individuals and families, including some of the most vulnerable in society, and is increasingly promoted as an alternative to social housing. In Northern Ireland, private landlords generally have a small portfolio of one or two properties.

It has been noted (Buchanan, summer 2020) that younger workers have been particularly impacted by the impacts of the lockdown and ongoing consequences of the response to the coronavirus and many of those affected are likely to be private tenants, as 40% of all renters in Northern Ireland are under 35 years old. These people are least financially able to cope with the effects of the crisis and many have either had to take on debt or face arrears if rent suspensions are not offered.

The Department for Communities published *COVID-19 Guidance for Private Rented Sector Landlords and Tenants* (DfC, 2020c) in April 2020. The document covered issues including: rent, mortgage payments and possession proceedings; rights; property access and health and safety obligations; and the implications of legislation put in place in response to the pandemic. It was updated to reflect measures to reopen the housing market and allow activities relating to house moves to take place, and explained the guiding principles of the Department's approach to the private rented sector in light of the pandemic:

- *Landlords should not engage in possession proceedings at this time;*
- *Where possible, tenants should pay their rent; landlords should work with tenants where difficulties arise; and*
- *Tenants should continue to work alongside their landlord to receive all the support they need to ensure their home remains safe and secure.*

One of the main steps taken to support tenants in the private rented sector was the provision, under the Private Tenancies (Coronavirus Modifications) (Northern Ireland) Act 2020, that most private landlords would not be able to start possession proceedings unless they had given their tenant *twelve weeks'* notice. Separate from but related to this change in legislation, the Lord Chief Justice announced the suspension of all but urgent court proceedings, which meant that most housing possession cases were adjourned. The initial adjournment period was for eight weeks from 24 March 2020.

In August 2020, the UK Government announced that the ban on possession proceedings in England and Wales would be extended until 20 September and that *six-month* notice periods were to be introduced for evictions, except in cases involving anti-social behaviour or domestic abuse, with the requirement for these longer notice periods to remain in place until 'at least the end of March [2021]' (*Inside Housing*, 21 August 2020). Representatives of charities and tenants' groups welcomed the extension, but noted that it did not represent a permanent solution for the many households who had accumulated arrears due to the impacts of the response to COVID-19.

Similarly, the Minister for Communities in Northern Ireland announced on 19 August 2020 that the Private Tenancies (Coronavirus Modifications) Act, requiring landlords to give tenants 12 weeks' notice to quit, which had been due to expire at the end of September 2020, was being extended until 31 March 2021. The Minister commented that the decision to extend the legislation had taken account of 'a possible second wave of the virus' and the winding down of economic supports including the furlough scheme. She added 'This is emergency legislation and will not be in place for any longer than is necessary, but I am committed to protecting our citizens at this time and having a safe place to call home is so central to personal and public health' (Department for Communities, 2020d).

Experiences and concerns of private renters

Renters' Voice, a project supported by Housing Rights to help articulate the views of private tenants to landlords, politicians and government, surveyed people who rent privately in Northern Ireland to gather their views on the impact of measures introduced to help private renters during the crisis and on whether renters felt it was appropriate to ease restrictions imposed by the lockdown. Ninety-four people responded to the survey which was conducted between 21 and 25 March 2020. Respondents stated that they were very concerned about finances, paying rent, potential evictions and safety from the virus in their homes. They expressed new concerns about what would happen following the crisis and whether further financial and legislative support would be provided to meet private renters' continued needs. Some of the key findings of the survey were that:

- Almost three quarters of respondents had concerns about their ability to pay their rent due to the impact of COVID-19.
- More than one third had lost employment; over half of these were self-employed, freelance or agency workers.
- Respondents were generally in favour of measures to help, with the highest numbers saying increases to benefits, an emergency

'Universal Basic Income' or a temporary reduction or break from rent (with no expectation for this to be repaid) would be helpful.

- Almost one tenth of respondents mentioned impacts on their physical health and the same proportion reported mental health impacts, including anxiety, depression and social isolation.

The challenges, for both tenants and the sector as a whole, are highlighted by some of the comments made by respondents to the survey:

- "I work in hospitality…I fully respect the decision made by the government, but I suffer from severe anxiety and not knowing where a wage is coming from now is deeply concerning, after months building up my health."
- "My wife and I both work in the arts sector and are facing extremely uncertain times ahead regarding finances. We have two young children and have concerns about meeting their basic needs while keeping on top of rent."
- "I live alone and suffer from both physical and mental health problems, which makes me vulnerable regardless of the COVID-19 virus. I can't get out to do shopping and no online shopping slots are available. I can't get out to top up gas and electric as I have pay and go meters so the house is cold and electric supply low. Social isolation is lowering my already low mood."
- "I contacted my landlord and she is sympathetic. However, she explained that she couldn't help as she has to pay the mortgage on the property and cannot get a mortgage break as it's a second mortgage." (Renters' Voice, 2020)

Just over half of the respondents said they had heard about the Private Tenancies (Coronavirus Modifications) Act NI 2020, and nearly half said that the change to the law on the notice to quit period arising from this legislation was something that they thought could help with their situation. Only two in five respondents said they were aware of the Department for Communities (DfC) '*Guidance for Private Landlords and Tenants*', provided in April 2020 (Housing Rights, 2 June 2020).

Impacts on students and student accommodation

Data collated by the Office for National Statistics (ONS 2019) indicate that in Scotland in 2017, around one fifth of private renters were students. At around six per cent, the proportion in England was much lower. There are no published figures to indicate the exact size of the student population living in the private rented sector in Northern Ireland, but it is known that there are sizeable pockets of student-occupied rented accommodation in Belfast, Derry and in a cluster of locations within commuting distance of Ulster University Coleraine campus.

Having lost their jobs and income source, it was reported that many Northern Ireland students had been forced to move out of student accommodation (McHugh, April 2020). While Queen's University and Ulster University both agreed to release students from halls of residence accommodation contracts if they did not wish to remain (Housing Rights, 2020), all tenants who had contracts with private landlords remained liable for rent payments until the end of the contract, whether or not they remained in the property. In response, calls had been made for a rent suspension, penalty-free termination of contracts, and rent freezes for student accommodation, though it was also recognised that many landlords were showing goodwill and engaging positively with tenants to find a resolution (McHugh, 2020).

More broadly, it has been suggested that the Northern Ireland university sector in general, which is more dependent on government funding than the sector in England and Wales, will face a negative impact from the Covid-19 crisis (Cooke, 30 April, 2020). University announcements of hybrid learning or smaller classes may result in a significant drop in demand for properties (especially if the NI overseas student population falls by 10-15%), particularly in the South Belfast area. This could cause huge problems for landlords who own Houses in Multiple Occupation (HMO), and the associated businesses in the area reliant on student turnover. With the possibility of a fall in the number of international students choosing to study in Northern Ireland, and an increase in the proportion of local students who elect to remain living in the family home while studying during the 2020/21 academic year, commentators have questioned whether there will be uptake of some of the relatively new, purpose-built student accommodation in Belfast city centre (Frey, 2020).

6.4 COVID-19 and homelessness

A number of relevant agencies and stakeholders in Northern Ireland worked in partnership during the early stages of the pandemic to ensure that homelessness services in Northern Ireland continued to operate effectively and safely (agendaNi, July 2020b). The Housing Executive worked with homelessness sector service providers, the Department for Communities, Department of Health and Public Health Agency and received additional funding from DfC and subsequently for the Supporting People programme, to:

- Limit the transmission of the virus among those experiencing homelessness, including a commitment that no-one, including those with no recourse to public funds, would be sleeping on the streets;
- Review and reconfigure services, including night shelters, day services, and accommodation and floating support services, in light of public health advice; and
- Ensure the availability of adequate temporary accommodation: by 9 May, 2,884 households were in temporary accommodation placements across the region.

As early as April 2020, analysis of the homelessness statistics collated by the Housing Executive indicated a shift in patterns of presentation, which appeared to be attributable to the impacts of the lockdown. Comparing the month of April 2020 with April 2019:

- While the overall number of homeless presentations was lower in 2020, the number of presenters requiring temporary accommodation increased. In the Belfast HSST area, 413 households or individuals accepted temporary accommodation, by comparison with 156 in April 2019.

- In 2020, the main reasons for homelessness presentation were family sharing breakdown, domestic disputes or marital difficulties; in each of the five previous years, accommodation that did not adequately meet the needs of the applicant ('not reasonable') had been the most common reason for presentation.
- Three quarters (75%) of presenters were single persons, while one fifth (21%) were families with children, and the majority (69%) were male.
- The number of households presenting due to loss of private rented accommodation had reduced significantly, suggesting that measures to protect private tenants during the initial stages of the pandemic response had been effective.

The measures put in place in March 2020 represented an emergency response to an unprecedented situation but, by the summer, an exit strategy and contingency plans for a possible second wave were being developed; these were being viewed as "an opportunity to 'reset' rather than 'revert'" (*agendaNi*, July 2020b). Homelessness sector charities echoed the need for an exit strategy and preparations for the 'new norm' (*Viewdigital*, 18 May 2020), given the expectation of a significant increase in demand for services due to the pandemic.

With this in mind, a small sector working group was set up to document the experiences of homeless services during the pandemic, identify which services and practices needed to continue or change to meet the needs of clients in the short or medium term, and formulate recommendations to feed into the Northern Ireland Housing Executive's exit planning process (*Viewdigital*, 18 May 2020).

6.5 Social Housing

Beyond the issues relating specifically to homelessness, the declaration of the pandemic and resulting lockdown also had a range of other implications for social landlords and tenants in Northern Ireland. As in the private sector, the lockdown restrictions meant that activities such as allocations, routine maintenance and repairs and most customer interactions previously carried out on a face-to-face basis had to be paused or delivered in a different way. Social landlords in Northern worked hard to stay in contact and engaged with their tenants, particularly vulnerable households facing difficulties and challenges as a result of the practical implications of the lockdown.

In June 2020 the Department for Communities published *COVID-19 Guidance for social housing landlords and tenants* (DfC, 2020e) and a letter from the Department's Director of Social Housing to all social tenants (DfC, 2020f). The letter summarised the main advice and guidance, and both were updated in July 2020:

- Tenants should continue to pay rent, and engage with their landlord as soon as possible if unable to do so. However, households would not be evicted due to rent difficulties arising as a result of COVID-19.
- Tenants were encouraged to work with their landlord and take a practical, common-sense approach to resolving issues in relation to maintenance, repairs and property access, and to ensure that gas safety checks could be completed.
- Anyone feeling unsafe or concerned about their safety because of domestic violence, harassment or intimidation was encouraged to speak to their landlord or seek advice from the Housing Executive.

By the time of the second edition of the guidance (July 2020), there was no legal restriction on contractors entering people's homes to carry out inspections and non-essential works, and completion of work was considered low risk if both tradespersons and residents maintained appropriate distancing and hygiene. However, it was noted that a considerable backlog of repair requests had accumulated during the lockdown, and the most urgent works would be addressed first.

The document also referred to Housing Executive rents; having given the go-ahead for a 2.7% rent increase – the first in five years – prior to the onset of the pandemic, the Minister for Communities announced on the day it was due to take effect, 6 April 2020, that the increase would not be implemented until 1 October 2020 (DfC, 2020g). The July 2020 guidance confirmed that, having been delayed with the aim of alleviating the impact of COVID-19 on tenants as far as possible, the rent increase would come into effect on 5 October 2020 (DfC, 2020e).

The circumstances and experiences of Housing Executive tenants during lockdown

In late spring 2020, the Housing Executive commissioned Perceptive Insight Market Research to carry out a survey among its tenants to inform the organisation's approach to service delivery by gaining a better understanding of the experiences and circumstances of households and individuals as a result of COVID-19 and the response to the coronavirus. The research was carried out during July 2020, using a mixed methodology involving telephone interviews and an online survey, and just over 3,000 tenants took part.

Caring responsibilities and 'at risk' household members

- While two fifths of respondents (41%) had no caring responsibilities, a similar proportion (42%) were responsible for a child or children and 15% cared for an older relative. Overall, just over half (55%) had some form of caring responsibility.
- Just under half (46%) of those with caring responsibilities said that the level of care they provided had changed due to the pandemic; commonly-cited factors were: spending more time on care (30%); home schooling/entertaining child(ren) (24%) and inability to get childcare (17%).
- More than one third of respondents (36%) said that they were in one of the coronavirus

risk groups and 15% said that someone else in their households was in a risk group[19].

- Around 80% of those who reported that someone in their household was at risk indicated that the person concerned was at risk because they were *under 70 and had underlying health conditions*. More than three fifths of those with an 'at risk' household member (62%) said they or someone else in their household had been shielding.

Accessing the essentials during lockdown

- Respondents had used a mix of methods to obtain essential items such as groceries and medications during the lockdown. Just over half (57%) said they or someone in their household had shopped for them, 28% had obtained essential items via a relative, friend or neighbour (not living in the household) and 29% had obtained items via online delivery.
- In total, just under half (44%) said it was easy/very easy to get essentials during lockdown, but one fifth (20%) said it had been difficult/very difficult. Of those who had found it difficult, the most common reason was securing a slot for online shopping (24%), followed by caring responsibilities for children (17%); and waiting time/queues in store (15%)
- While around two fifths of respondents (40%) said the pandemic had had no impact on their ability to look after themselves and their household, almost half (48% in total) said it had decreased their ability either a little (34%) or a lot (14%). Of those who said their ability to look after themselves and their household had decreased, more than half (55%) expected it to improve once the pandemic/lockdown had subsided, but more than one third (37%) were not sure and seven per cent said they thought it would not.

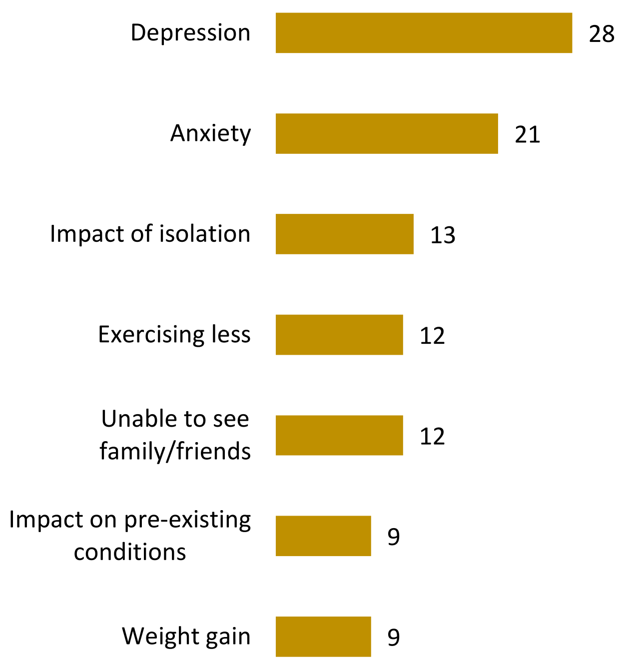
Health impacts and concerns

- While the majority of respondents (57%) reported that the coronavirus had had no impact on their *physical health*, more than one third (36%) felt that their physical health had worsened.
- Where *mental health* was concerned, however, the impacts appeared to be more severe: three fifths (60%) of respondents said their mental health had worsened due to the coronavirus pandemic, while just one third (34%) said there had been no change. Respondents aged under 35 were slightly more likely to report worsened mental health (64%) than those aged between 35 and 64 (61%), while the impact appeared to be slightly lower among respondents aged 65 and over, 41% of whom reported that their mental health had worsened.
- While a small proportion of respondents (four per cent) indicated that they had been exercising more, the vast majority of health impacts reported by respondents were negative. The most commonly-cited impact,

[19] Risk groups were defined as 'Aged 70 or over'; 'Aged under 70 and have underlying health conditions'; 'Pregnant and have underlying health conditions'; and 'Pregnant and have no underlying health conditions'. 'Underlying health conditions' included a range of health issues and conditions for which adults may be instructed to receive an annual flu vaccination on medical grounds.

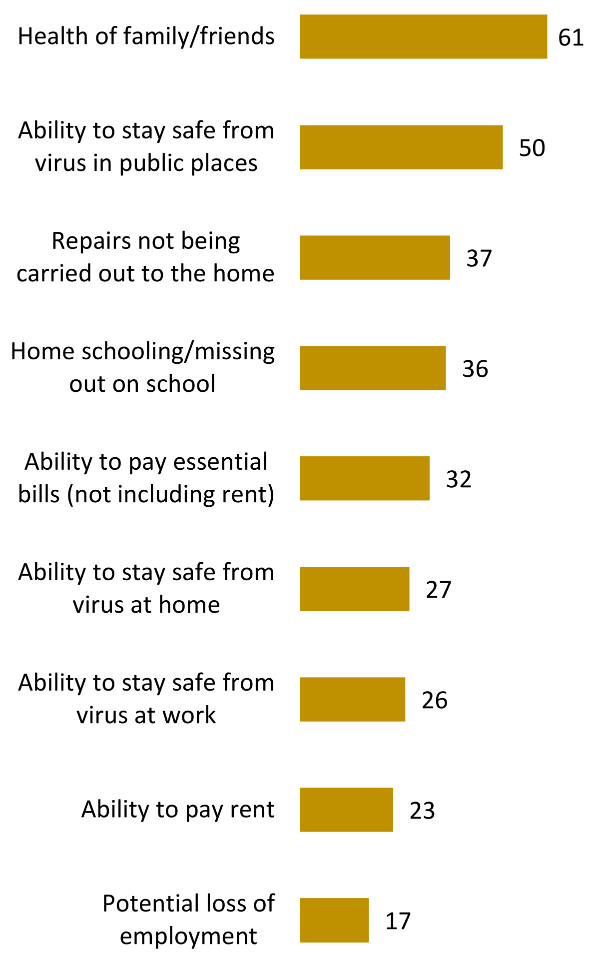
mentioned by more than a quarter of respondents (28%) was depression, followed by anxiety (21% of respondents) and the impacts of isolation (13%) (Figure 3).

Figure 3: Health impacts of coronavirus pandemic/lockdown reported by Housing Executive tenants, July 2020 *(% of 2,062 respondents who said their health had been impacted by the pandemic)*



- Respondents were also asked about their general concerns around the impacts of the coronavirus pandemic. Figure 4 illustrates that the health of family and friends was the most common concern, raised by three fifths (61%) of respondents. Safety, particularly in public places but also at work and in the home, was also a concern, while the impacts of home schooling and children missing out on school were a concern for more than one third of respondents. Where their home/tenancy was concerned, the main issue referred to by respondents was repairs not being carried out (37%), while almost one quarter (23%) were concerned about the impact the pandemic would have on their ability to pay their rent.

Figure 4: Issues and concerns of Housing Executive tenants in relation to the impacts of the coronavirus pandemic, July 2020 (% of all respondents)

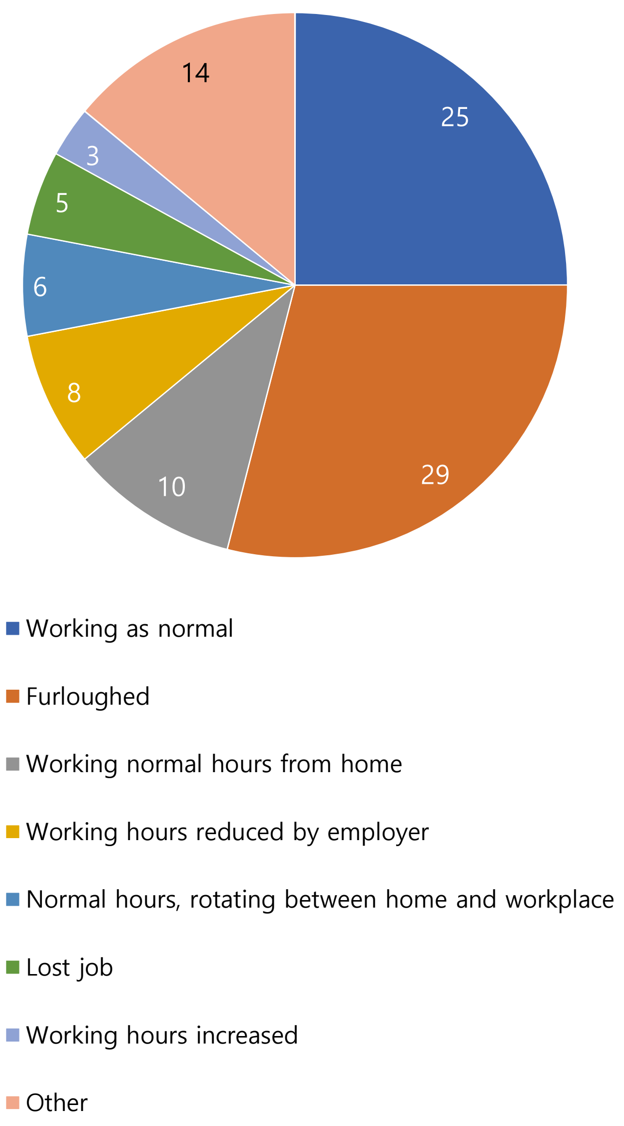


Impact on employment

- In total, almost half of respondents (48%) had been working (full time, part time or self-employed) in the lead-up to the pandemic. Of those working for someone other than themselves, the vast majority (84%) had had permanent contracts.

- One quarter (25%) of those who had been working before the onset of the pandemic reported at the time of the survey that they were continuing to work as normal in the normal location (Figure 5). In line with broader trends, around three in ten (29%) had been furloughed and the majority (89%) of furloughed tenants were being paid 80% of their normal wages. One tenth of respondents were working their normal hours from home, while slightly less than one tenth (8%) had had their working hours reduced and five per cent had lost their job.
- Other circumstances included maternity/sick leave, being self-employed with reduced working hours, and being unable to work due to being at risk.
- When asked if they had had to make a new claim for benefits as a result of coronavirus, almost one tenth of *all* respondents (8%) indicated that they had. All respondents were also asked how confident they would feel about taking steps to apply for benefits, if they needed to. While just over one quarter (27%) were very/somewhat confident, more than one third (35%) said they would not feel confident about making a claim for benefits.

Figure 5: Impact of coronavirus pandemic on Housing Executive tenants' employment, July 2020 *(% of 1,463 respondents who had been working in the lead-up to the pandemic)*



Investment in new social homes

The *New Decade, New Approach* document, published in January 2020 (UK and Irish Governments, 2020) included an outline Programme for Government based on a number of key priority areas, including housing. Among the actions associated with housing was the intention that there would be ‘enhanced investment in new social home starts’.

Addressing a conference in late June, the Minister for Communities confirmed that social housing would be at the core of the Department's work to increase housing supply across all tenures, and that, as part of its coronavirus recovery plan, the Northern Ireland Executive would develop a housing supply strategy to examine ‘the deep-rooted barriers to increasing supply across all tenures, including infrastructure, funding, skills and capacity constraints’ (Barker, 2 July 2020).

Moving into 2020/21, the Department for Communities made an initial budget allocation of £127million for the social housing development programme in Northern Ireland, a figure that was less than the amount budgeted in 2019/20 (£146 million), although, at 1,850 starts, the overall target remained the same (Barker, 13 July 2020).

However, the Department indicated that it would consider the potential impact on construction of COVID-19 in terms of lockdown, social distancing requirements and cost, and that an analysis was planned for the autumn (ibid). The Department also affirmed that the provision of social housing was a key priority and was likely to be part of an economic and social response to COVID-19. Commenting on the budget, the Northern Ireland Federation of Housing Associations (NIFHA) argued that building new social homes would be key to economic recovery and addressing the increasing numbers of people in housing stress.

Section 7: Conclusions

This report provides an overview of the evidence available on the impact of the COVID-19 pandemic on housing across the UK and Europe, with particular reference to the situation in Northern Ireland. Across the UK, the dual imperative since March 2020 has been to safeguard both lives and livelihoods. For the government, the short term actions have been focused on avoiding permanent job losses and minimising damage to the economy.

Nonetheless, the response to the virus, including the protracted lockdown and ongoing impact of social distancing and restrictions on large gatherings, has taken a heavy toll on the economy and society in general, and there is likely to be further pain ahead. The scale of contraction in the Northern Ireland economy has been faster than in previous recessions, and economists are doubtful about the prospect of a v-shaped recovery, indicating that the nature of the Northern Ireland economy makes it vulnerable to not returning to pre-COVID levels for some time.

Various groups and representative bodies have put forward proposals on ways to mitigate the impacts of the lockdown and restructure and 'reboot' the local economy in both the short and longer term, advocating a range of actions such as ensuring suitable support for businesses, accelerating capital projects, investing in skills and focusing on environmental commitments and climate change mitigation.

The UK government and the Northern Ireland Executive have provided support to employers during COVID-19, in the form of tax reliefs, government backed loans and grants, and interventions such as the coronavirus job retention scheme, mortgage payment holidays, moratorium on involuntary lender repossessions, extension of the notice to quit period for private renters and suspension of eviction proceedings in court have all assisted households in the short term. However, as a result of lockdown, many people have faced job losses and loss of income, placing renters at risk of significant rental debt and presenting difficulty for home owners with mortgages. At the same time, the spread of the virus has presented an additional challenge to a construction and development industry that, for a number of reasons, was already struggling to deliver the number of new homes required.

While the reopening of the housing market in Northern Ireland released an initial burst of pent-up demand, it is safe to say that the COVID-19 has dealt a blow to the housing market and to housing across all tenures, the effects of which will be felt for some time to come. The Housing Executive has already undertaken initial research on the impacts of the coronavirus and lockdown restrictions for Housing Executive tenants. We will continue to monitor wider housing market indicators, review the need for further specific research on the impacts of the pandemic and the measures put in place in response to it, and, where appropriate, take opportunities to gain COVID-related insights through our ongoing/planned research programme.

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ABOUT THE HOUSING EXECUTIVE'S RESEARCH UNIT

As the strategic housing authority for Northern Ireland, the Housing Executive has a statutory responsibility to regularly examine housing conditions and need, and may also conduct or promote research into any matter relating to any of its functions.

The Housing Executive's research programme is drawn up in consultation with key internal and external clients and stakeholders. In keeping with the strategic and enabling role performed by the Housing Executive, the research programme looks at a range of issues including and beyond those relating to its landlord function, and seeks to inform data and evidence needs across all tenures. As such, the research programme comprises both surveys and analysis carried out in-house and commissioned work undertaken by independent experts and social/market research companies, where a larger fieldwork resource is required.

Research undertaken by, and for, the Housing Executive informs the organisation's corporate and business plans, provides an evidence base for decision making, assists in the evaluation and impact assessment of policies and strategies and feeds into broader collaboration with other research and housing organisations across the UK.

For more information on the Research Unit please visit:
https://www.nihe.gov.uk/Working-With-Us/Research

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