

Covid-19 (Coronavirus)

Guidance for Landlords,
Homeowners and Businesses.

LANDLORD
ADVICE UK 

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BLA
British Landlord
Association

Property Law | Family Law

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1. Introduction

Following the disruption of the Coronavirus outbreak in the United Kingdom, the Government have announced several temporary measures relating to the support available to landlords, tenants and businesses, amongst other things. This booklet focuses upon the Governments changes to the eviction procedure, the financial support available to landlords, tenants and businesses.

Landlord Advice UK has created this booklet with contributions from the British Landlords Association. A few Government sources are included. If you have any queries as to the contents of this booklet, you should contact Landlord Advice UK by e-mail or telephone.

The advice of the NHS is that everyone is to stay at home to stop Coronavirus spreading.

You should only leave the house for 1 of 4 reasons:

- shopping for necessities, for example, food and medicine, which must be as infrequent as possible
- one form of exercise a day, for example, a run, walk, or cycle – alone or with members of your household
- any medical need, or to provide care or to help a vulnerable person
- travelling to and from work, but only where this absolutely cannot be done from home

Important

These 4 reasons are exceptions – even when doing these activities, you should be minimising time spent outside of the home and ensuring you are 2 metres apart from anyone outside of your household.

2. Evictions

The Coronavirus Act 2020 ('the Act') has now been enacted and applies with immediate effect as of 25 March 2020 (save for the sections and Schedules referred to in s.87 of the Act).

Schedule 29 of the Act concerns evictions of residential occupants in England and Wales.

Essentially, the amendments have seen all notices served on tenants and protected licensees extended to a 3 months' notice period as detailed below.

Assured Shorthold Tenancies

The Act has implemented amendments to Section 8 and 21 notices. Any landlord (or agent) serving notice must ensure they use the up to date version of section 8 and 21 notices.

When serving a section 8 notice, the notice would usually (depending on the ground relied upon) provide the tenant with 14 days' notice. However, under the new provisions, a section 8 notice must now provide a tenant with no less than 3 months' notice (irrespective of what ground is being relied on). This means that where a landlord is serving a section 8 notice for rent arrears, anti-social behaviour or damage to the let premises, for example, the section 8 notice is required to provide the tenant with 3 months' notice. A landlord cannot issue a possession claim until the 3 months' notice period passes.

The section 21 notice has also seen amendments under the Act. The section 21 notice is now also required to provide no less than 3 months' notice, rather than the previous 2 months' notice.

Assured Tenancies

As above, notices under Section 8 of the Housing Act 1988 is amended to require a 3 months' notice period is given to the tenant for any ground relied upon under the Section 8 procedure.

Rent Act 1977: Protected Tenancies and Statutory Tenancies

A Rent Act tenancy is a tenancy which is regulated by the Rent Act 1977 and applied to most tenancies which commenced before 15 January 1989 (before the Housing Act 1988 came into force).

The Act has made amendments to the notice period given under a notice to quit in relation to a Rent Act tenancy.

The usual notice period for a notice to quit given in relation to a Rent Act tenancy is 4 weeks. However, this is now extended to 3 months under the Act.

Secure and Flexible Tenancies

The proceedings for possession of a property let under a secure tenancy; general notice requirements have been amended.

The requirement for any notice served under Section 83, and Section 83ZA of the Housing Act 1985 must provide no less than a 3 months' notice period to the tenant.

For any notice served under Section 107D of the Housing Act, 1985 is amended to give 3 months' notice period.

Introductory Tenancies

In relation to introductory tenancies, notices served under Section 128 of the Housing Act 1996 is varied to require any notice served under that section to provide 3 months' notice.

Demoted Tenancies

In relation to demoted tenancies, notices served under Section 143E of the Housing Act 1996 is varied to require any notice served under that section to provide 3 months' notice.

Power to Alter the 3 Month Notice Period

The Act confirms that the Secretary of State has the power to extend the 3 months' notice period under all aforementioned notices from 3 months to 6 months.

Commercial Leases

Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.

These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June.

There is the option for the Government to extend this period if needed.

This is not a rental holiday. All commercial tenants will still be liable for the rent. Commercial tenants are protected from eviction if they are unable to pay rent.

All commercial tenants in England, Wales and Northern Ireland are eligible.

Extending the current ‘pre-action protocol’ on possession proceedings to private landlords’

The government is working with the Master of the Rolls to widen the existing ‘preaction protocol’ on possession proceedings for Social Landlords, to include private renters and to strengthen its remit.

This will ensure that private sector landlords reach out to tenants to understand the financial position they are in before taking possession action through the courts once the 3-month delay on issuing eviction proceedings has ended.

It will encourage landlords and tenants to work together to agree an affordable rent repayment plan if their tenants fall into rent arrears.

This new protocol is not yet in force.

Possession Claims and the Court Service

The Ministry of Housing, Communities & Local Government has confirmed that the courts are to suspend all possession proceedings for 90 days.

As of 27 March 2020, following a decision by the Master of the Rolls with the Lord Chancellors agreement the court service will suspend all ongoing housing possession action.

This means that neither cases currently in the or any about to go in the court system can progress to the stage where someone could be evicted. This suspension of housing possessions action will initially last for 90 days (from 27 March 2020), but this can be extended. This will apply to both England and Wales.

Tenants are still liable for their rent and should pay this as usual. If they face financial hardship and struggle to pay this, support is available.

The Government has also confirmed that it is also committed to supporting landlords and maintaining the positive partnership between tenants and their landlords.

Lenders will ensure support is available where it is needed for landlords. Landlords also have the protection of a 3-month mortgage payment holiday where they have a Buy to Let mortgage.

Landlord Advice UK will shortly be publishing a free downloadable detailed guide on the impact the Coronavirus Act 2020 and the support available to landlords, homeowners and businesses (employers, employees and the self-employed).

3. Rent Arrears

It is anticipated that during the Coronavirus outbreak, the income of many people will have been affected as many businesses close.

Landlords should work pro-actively with their tenants through these unprecedented times and ensure the tenant seeks all the financial support they can obtain. In particular, landlords should take all steps possible to settle any rent arrears that a tenant may fall into as a direct or indirect result of the Coronavirus. This can be done by entering into an affordable payment plan with the tenant.

If tenants can obtain financial support, they may be able to manage their finances better and continue to pay the rent in full or enter into an affordable payment plan. Some of the support available to tenants is set out below.

As a landlord, should I stop charging rent during the outbreak?

Landlords are not required to do this. Most tenants will be able to pay rent as normal and should continue to do so, as they will remain liable for the rent during this period.

There is no 'one-size fits all' approach, as each tenant's circumstance is different and some will be worse affected in terms of their ability to pay than others. It is important for landlords to be flexible and have a frank and open conversation with their tenants at the earliest opportunity, to allow both parties to agree a sensible way forward.

What financial assistance is available for self-employed tenants?

Self-employed tenants may apply for Universal Credit. They will be able to claim the equivalent of statutory sick pay which is £94 a week.

Your tenant could also claim a grant through the Covid-19 Self-employment Income Support Scheme. This scheme will allow a self-employed individual to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended if needed.

What financial assistance is available for employed tenants?

Your tenant might be able to get Statutory Sick Pay ('SSP') if they have Coronavirus or they are following the government guidance to self-isolate. Your tenant can't get SSP if they are self-employed.

Your tenant would get SSP from the first day they were ill, or they started self-isolation. It will be paid in the same way as your wages.

To get SSP, your tenant needs to:

- be an employee
- earn more than £118 a week
- meet the other rules to get SSP

My tenant is self-employed or can't get SSP, what should they do?

Your tenant might be able to claim contribution-based or new-style Employment Support Allowance (ESA) if they have Coronavirus or they are self-isolating.

They'll need to have paid enough National Insurance contributions for 2 tax years – in 2020 the tax years are 2017-18 and 2018-19.

If your tenant can get ESA, you'll be paid from the first day they were sick or self-isolating.

Your tenant could also be able to get ESA if they're caring for a child who has Coronavirus or who's been told to self-isolate.

My tenant does not benefit from the Coronavirus Job Retention Scheme. What should they go?

Your tenant should apply for Universal Credit at <https://www.gov.uk/universal-credit>.

Where it is not possible to apply digitally, they can apply by calling –

Universal Credit helpline: 0800 328 5644

Welsh language: 0800 328 1744

Where else should I advise my tenant to go for financial support?

Tenants should be encouraged to speak their local authority for a discretionary housing payment. Alternatively, they may seek an advanced payment on their Universal Credit by contacting the DWP on the Universal Credit helpline.

My tenants are concerned about paying their utility bills. What can be done to assist them?

Advise your tenant to contact their energy supplier as soon as they can. Your tenant might be able to set up a payment plan with them to help spread the cost of their bills.

Will there be any council tax relief during this period?

Local authorities are being provided with a £500 million emergency fund, the bulk of which is intended to be targeted at council tax relief.

Your tenant should check with the local authority to find out whether the local authority has implemented a tax break which could mean that the council will not have to be paid until a later date.

Are all tenants entitled to a rent holiday over the next three months?

No. Those unaffected by the Coronavirus should continue to pay rent as normal. Similarly, tenants who can still afford to pay their rent after their circumstances change should also be encouraged to pay their full rent as usual.

Ultimately, any rent that is deferred during this period will still be expected to be paid back later as part of a payment arrangement. To avoid potentially unmanageable living costs in the future, tenants should be encouraged to pay their rent if they can afford it, and landlords should provide them with support in applying for assistance where it may be available.

Should I be contacting my tenants at this time?

It is sensible to be proactive in this situation. Contact your tenants without physically meeting with them. You should use this opportunity to discuss their financial circumstances, whether they are employed or self-employed, and whether they are likely to have to self-isolate.

If they are likely to struggle in paying the rent, you may be able to assist them with guidance, or you may discover that you should apply for a mortgage holiday.



4. Mortgages

Lenders representing banks, building societies and other specialist lenders have come together to announce additional support for homeowners and residential landlords.

The support for landlords includes extending the option of a payment holiday of up to three months to residential buy-to-let landlords who have tenants who are experiencing issues with their finances, as either a direct or indirect result of Coronavirus. There will also be as well a three-month restriction on residential and buy-to-let repossession action to start from 19 March 2020 helping provide buy to let landlords with the reassurance that they will not have their properties repossessed at this challenging time.

Commenting on the measures of Lenders, Stephen Jones, UK Finance CEO, said:

"Monthly mortgage payments tend to be the largest outgoing for the vast majority of households and lenders want to reassure both homeowners and landlords who have tenants who may be affected financially that the industry is working hard to put measures in place to support them during these uncertain times.

"In addition to the industry's support for residential homeowners, mortgage lenders are extending the same support to buy-to-let landlords who have tenants experiencing issues with their finances as a result of COVID-19 and the options include a payment holiday of up to three months.

"For those customers already experiencing financial difficulty, lenders have also agreed on a three-month moratorium on residential and buy-to-let possession action. The industry wants to reassure customers that they will not have their homes repossessed at this challenging time, and therefore, these measures will start from tomorrow (19 March 2020).

"All customers who are concerned about their current financial situation should get in touch with their lender at the earliest possible opportunity to discuss if this is a suitable option for them."

Sasha Charles of Landlord Advice UK said:

"Landlords are urged to be flexible. Any landlords whose tenants are directly or indirectly affected by the Covid-19 should negotiate a payment plan with the tenants in the event the tenant's income has been adversely affected as a result of the Covid-19 situation. Landlords are not required, nor expected, to provide rent-free periods for their tenants. But landlords should ensure the tenants are given flexible payment options. Landlords should seek advice if their tenants are in rent arrears and we are continuing to provide legal advice and assistance through this difficult time."

What are the criteria for applying for the mortgage holiday?

For buy to let landlords the key criteria are that their tenant must have been directly or indirectly affected by the Coronavirus.

The second essential requirement is that you must be up to date on your current mortgage payments.

I was experiencing financial difficulties prior to the coronavirus impact will I qualify for the holiday?

Mortgage holidays are only available to people who are up to date with their payments.

However, from 19 March 2020 mortgage lenders have agreed to suspend all possession orders and not start any new court action for 90 days.

How do I establish my tenant has been impacted by Coronavirus?

Mortgage lenders have agreed that landlords may contact their lender to self-certify that their tenant has been impacted. This done on the understanding this mortgage holiday will be passed down to their tenants.

Will my credit rating be affected if I take the mortgage holiday?

UK Finance has confirmed that 'firms will make every effort to ensure that the payment holiday does not negatively impact on your credit file.'

Is there any other financial support available for landlords?

The other support landlords may seek through the same channels that others may seek financial assistance:

- SSP if you're employed and ill or self-isolating
- Claim a grant through the Self-employment Income Support Scheme
- Seek help from your local authority

5. Financial Assistance

Generally

In summary, the financial assistance available during the Covid-19 crisis is set out below.

1. Apply for SSP if you're employed and ill or self-isolating.
2. Claim a grant through the Covid-19 Self-employment Income Support Scheme if you are self-employed.
3. Seek assistance from your local authority; you may be entitled to state benefits.
4. Seek a mortgage payment holiday if you're a landlord or homeowner.
5. Seek assistance from utility providers as to payment plans of the utility bills.
6. Tell your employer about the Job Retention Scheme to secure your job and income.

A list of state benefits:

- Attendance Allowance
- Bereavement support payment
- Child Benefit
- Child Tax Credit
- Disability Living Allowance (DLA)
- free TV licence for over-75s
- Guardian's Allowance
- Housing Benefit
- Income Support - though you may have to pay tax on Income Support if you're involved in a strike
- income-related Employment and Support Allowance (ESA)
- Industrial Injuries Benefit
- lump-sum bereavement payments
- Maternity Allowance
- Pension Credit
- Personal Independence Payment (PIP)

- Severe Disablement Allowance
- Universal Credit
- War Widow's Pension
- Winter Fuel Payments and Christmas Bonus
- Working Tax Credit
- Bereavement Allowance (previously Widow's pension)
- Carer's Allowance
- contribution-based Employment and Support Allowance (ESA)
- Incapacity Benefit (from the 29th week you get it)
- Jobseeker's Allowance (JSA)
- pensions paid by the Industrial Death Benefit scheme
- the State Pension
- Widowed Parent's Allowance

SSP

You might be able to get Statutory Sick Pay ('SSP') if you have Coronavirus or you're following the government guidance to self-isolate. You can't get SSP if they're self-employed.

You would get SSP from the first day they were ill, or they started self-isolation. It will be paid in the same way as your wages.

To get SSP, you need to:

- be an employee
- earn more than £118 a week
- meet the other rules to get SSP

(COVID-19) Self-employment Income Support Scheme

This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended if needed.

Who can apply?

You can apply if you're a self-employed individual or a member of a partnership and you:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

Your self-employed trading profits must also be less than £50,000 and more than half of your income comes from self-employment. This is determined by at least one of the following conditions being true:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading between 2016-19, HMRC would only use those years for which you filed a Self-Assessment tax return.

Support for businesses through the Coronavirus Job Retention Scheme

Under the Coronavirus Job Retention Scheme, all UK employers with a PAYE scheme will be able to access support to continue paying part of their employees' salary for those that would otherwise have been laid off during this crisis.

This applies to employees who have been asked to stop working, but who are being kept on the payroll, otherwise known as 'furloughed workers'. HMRC will reimburse 80% of their wages, up to £2,500 per month. This is to safeguard workers from being made redundant.

The Coronavirus Job Retention Scheme will cover the cost of wages backdated to 1 March and is initially open for 3 months but will be extended if necessary.

6. Support for Businesses

The Chancellor has set out a package of temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19.

This includes a package of measures to support businesses, including:

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- a Self-employment Income Support Scheme
- a Statutory Sick Pay relief package for small and medium-sized businesses (SMEs)
- a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- a new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- the HMRC Time To Pay Scheme

7. Legal Advice and Assistance

Landlord Advice UK remains operative through the Coronavirus crisis and has put in place plans to protect our staff to ensure that we can continue to provide legal services.

You can contact our team on 020 3903 2000 or by e-mail at admin@landlordadvice.co.uk should you require our legal service.

Landlords will gain discounted legal services by joining the British Landlords Association (the membership is free).

How to stop infection spreading

There are things you can do to help reduce the risk of you and anyone you live with getting ill with coronavirus.

- ✓ Wash your hands with soap and water often - do this for at least 20 seconds
- ✓ Use hand sanitiser gel if soap and water are not available
- ✓ Wash your hands as soon as you get back home
- ✓ Cover your mouth and nose with a tissue or your sleeve (not your hands) when you cough or sneeze
- ✓ Put used tissues in the bin immediately and wash your hands afterwards

- ✗ Do not touch your eyes, nose or mouth if your hands are not clean

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