New approaches to social housing allocation

This report is based on ongoing research by a team at the Centre for Regional Economic and Social Research at Sheffield Hallam University, contributing to the growing debate about the future allocation of social housing. It assesses two of the main features of policy reform - the drive to promote social balance in lettings and the adoption of choice-based approaches giving ‘power to the applicant’. The team uses case study evidence to assess how the overt ‘social engineering’ embodied in the French system of estate profiling has been adapted by local authorities and Registered Social Landlords. The study found that:

- Many social landlords are now undertaking reviews of their allocations systems with a view to promoting choice, mobility and social mix. In particular, the launch of the DETR choice-based pilot lettings initiatives is prompting considerable experimentation and collaboration between different social housing agencies.

- While considerable attention has been given to revising the criteria for allocations and the lettings process, in most cases systems for monitoring and evaluation have yet to be developed.

- The lack of readily available up-to-date data on the social characteristics of neighbourhoods has made it difficult for landlords to go beyond housing management data in developing estate profiles. Cross-agency profiling is still some way off.

- Clear differences in emphasis and approach emerge between high and low housing demand areas and larger landlords need to balance the claims of local sensitivity and organisational consistency carefully.

- The profiling approach is often contrasted with the customer-focused orientation of choice-based lettings systems promoted through recent central government pilot initiatives. However, faced with the contending objectives of social mix and customer choice, landlords are tending in practice to adopt hybrid programmes combining elements of both.

- A wide range of landlords are now rethinking the rules of access for social housing for various reasons: changing organisational cultures, housing demand pressures, new patterns of ownership and management and shifting tenure boundaries.

- The researchers conclude that the impact of new allocations and lettings systems is likely to be greater in opening up procedures and service delivery and developing community involvement than in achieving some of the wider and more intractable social objectives associated with such changes.
Introduction

Needs-based allocations systems have been subject to increasing criticism for reinforcing the process of residualisation of social housing. Relying solely on need as a criterion for access, it is claimed, can reinforce the social exclusion of tenants by concentrating households in the most urgent need on the less popular housing estates with the highest turnover. Social landlords, partly prompted by the new thrust of central government thinking, are therefore reviewing their allocations policies and taking on board new ideas to tackle such problems.

‘Local’, or ‘flexible’, lettings policies have been advocated as one means of addressing perceived local problems. The scale of local lettings within established systems is still relatively small, with not more than a quarter of vacancies being allocated through localised policy strands. Many of these procedures draw on the French system of ‘estate profiling’, where data are collected annually to determine the type of household to which vacancies should be let. This system is seen as too prescriptive for adoption in English social housing, but the principle of compiling small area profiles which are then used to inform local lettings policies has begun to spread.

Alongside these developments, there has been a parallel shift towards choice-based allocations policies that seek to place applicants, rather than organisations, at the centre of the letting process. Choice-based rather than needs-based allocations systems have therefore been advocated as a means of:

- empowering customers, and thereby increasing satisfaction;
- creating sustainable communities, by letting housing to people who want to live in the neighbourhood;
- filling empty properties;
- responding to changing expectations.

At first sight these two approaches may look diametrically opposed – one giving more control to the landlord to shape the social profile of some estates, the other giving more control to the applicant. However, in practice, this is not the case, and landlords are taking elements from both approaches into account.

The challenge to ‘needs-based’ systems

Five years ago, those who advocated moving away from lettings based on a strict application of needs criteria seemed to be rejecting a core principle of social housing. However, allocating on the basis of need has of late prompted growing criticisms and concerns because:

- applicants tend to have little choice about the property or area they are allocated to;
- it is claimed that needs-based allocations have unwittingly compounded the residualisation of social housing as a tenure, as well as reinforcing the social exclusion of the tenants;
- existing tenants and those wanting to form households cannot compete with, for example, homeless households in terms of the criteria used to determine housing need;
- current allocations policies fail to take into account changing lifestyles and living arrangements and the increasing perception of social housing as a ‘tenure of transition’ for those currently unable or unwilling to buy, rather than a ‘tenure of destination’;
- needs-based allocations policies have contributed to social, economic and demographic imbalances that affect levels of demand;
- the overarching objective of housing those in greatest need has resulted in policies that are not sufficiently flexible to operate in differing (and changing) social housing markets.

Incorporating ‘choice’ in allocations

The drive to review and amend lettings systems has stemmed from both external pressures for change and from perceived failures in the present systems. Central government policy has pressed social landlords to develop new ways of working which will:

- provide a lettings service rather than an allocation system;
- be simpler and easier to understand;
- let applicants decide their own priorities between urgency and availability;
- give more certainty on waiting times;
- be transparent in operation.

The main way in which central government has sought to intervene directly has been through the programme of pilot choice-based lettings schemes launched in October 2000, with the successful bids being announced in March 2001.

Advocates of ‘choice’ acknowledge constraints which management pressure, complex needs assessments, and restrictions on access and mobility within the sector have placed upon the extent of choice. They also recognise the impact of different patterns of supply and demand on the extent to which such constraints have been applied. Although greater mobility across local authority boundaries and enhanced opportunities for transfer applicants will be facilitated, ‘choice’ still has to be exercised within the constraints of existing stock.

Promoting flexibility, access and mobility

Early evidence shows that social landlords in England are responding to the challenges of developing various
initiatives designed to ‘free up’ the allocations and lettings process, to widen access so more people are able to choose social housing, to encourage collaborative working between landlords, and to increase mobility between local authority districts and between Registered Social Landlord (RSL) and local authority stock.

Choice-based initiatives include an eclectic mix of options:

- marketing exercises whereby only applicants who respond to advertisements are considered for vacancies;
- multiple offers;
- relaxation of the number of offers that can be refused without penalty;
- projects that aim to ‘unlock the transfer jam’;
- relaxation of residency qualifications;
- mobility partnerships between social landlords in high and low demand areas;
- pooling of vacancies by social landlords;
- use of interactive new technologies;
- widening the range of demand groups to whom lettings may be made;
- local lettings policy strands that favour existing residents and their families or people with work-related connections to an area.

Reforms to allocations and lettings systems may involve marginal changes to existing practices or a fundamental overhaul of procedures and assumptions.

There is a broad spectrum of possible interventions, and landlords in both the local authority and RSL sectors have tended to introduce packages of measures rather than change a specific strand of policy and practice. Systems for monitoring the impact of these initiatives have, however, been few and far between up to now.

Profiling, lettings and social mix

One of the main planks in the Government’s strategy to achieve greater community sustainability has been through encouraging allocation systems that promote a wider social mix among households given access to housing. By implication, social landlords need small area data if they are to assess the current social mix on estates and monitor any changes. A number of landlords have used profiling techniques, but these are not necessarily linked to allocations reviews. Small area data used to inform local lettings policies tend to be drawn from housing management statistics, sometimes supplemented by data drawn from socio-economic surveys prepared for other purposes.

The study identified five broad local lettings policy strands that have developed; each of these has potential value, but the organisations developing these systems also raised concerns (See Table 1).

Moving to a fresh approach for allocations

The key question for social landlords is how adopting a new approach, of whatever origin, will affect their

<table>
<thead>
<tr>
<th>Table 1: Developing lettings policies</th>
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<tbody>
<tr>
<td><strong>Policy strand</strong></td>
<td><strong>Potential concerns</strong></td>
</tr>
<tr>
<td>1. ‘Economic’ – this strand may seek to balance the proportion of those households on benefit with those with a least one member in employment;</td>
<td>1. The effect on employment among existing residents may be limited. Middle-income households may not be attracted to social housing in any case;</td>
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<tr>
<td>2. ‘Family and friends’ – where a link can be established between the applicant and an existing household on the estate;</td>
<td>2. This may discriminate against minority ethnic households. It does little to address social mix;</td>
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<tr>
<td>3. ‘Community contribution’ – amenable to different interpretations, but hinging on the judgement that members of the household will make an ‘active’ contribution to community life, through participation in local groups and so on;</td>
<td>3. Verification of community contribution may be problematic and it is difficult to apply sanctions if the agreed contribution were not forthcoming;</td>
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<td>4. ‘Local links’ – a broader version of 2, and may include having a job within the locality;</td>
<td>4. This may exclude people who have aspired to live on an estate but have no eligible links;</td>
</tr>
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<td>5. ‘Household characteristics’ (likely to include one or more of the following factors):</td>
<td>5. This may have connotations of ‘vetting’ and ‘exclusion’. Some respondents were concerned that applicants rejected for rehousing on the grounds of past behaviour or vulnerability might simply be concentrated on other estates.</td>
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<tr>
<td>number of dependent children;</td>
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<td>vulnerability/support needs;</td>
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<td>behavioural issues;</td>
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<td>tenancy/previous housing record.</td>
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tenants, their neighbourhoods and their overall management task. The evaluation of the DETR choice-based lettings pilot programme will be an essential component in building up an understanding of the effects of new approaches.

The very enthusiasm for change may in itself set up potential problems. One of the difficulties with needs-based systems was the way in which they were remorselessly applied by landlords, regardless of context or consequence. There is a risk that the move to new principles and processes in allocations – whether choice-based or profile-based – might repeat this syndrome, by elevating technique over purpose, and consistency over local applicability.

Conclusion
Analysis of recent developments suggests that landlords are not, in practice, forced to select between ‘choice’ or ‘social engineering’ options. There is a broad spectrum of possible interventions and landlords in both the local authority and RSL sectors were tending to introduce packages of measures rather than change a specific strand of policy.

These new systems are at a formative stage, and any judgement has to be provisional. Early evidence suggests that many landlords are now taking steps to improve the transparency of existing procedures, engaging wider community involvement (among existing residents and actual and potential applicants) and encouraging staff to act in an advisory and supportive role capacity rather than as mere gatekeepers.

But the change to new models of allocations and lettings is rarely straightforward, at the level of either principle or practice. A note of caution is needed about how far any allocations regime can transform the overall housing prospects of current and potential tenants: the realities of the limited supply of social housing in areas of high demand and the unpopularity of some neighbourhoods in areas of low demand may prove resistant to change.

The implementation of new approaches raises issues about information requirements and patterns of communication between landlords, residents and applicants – but these are often more a case of laying bare current inadequacies than posing entirely new dilemmas. The extent to which the benefits of new systems will eventually be reflected in social change at the neighbourhood level is, however, more open to debate. The researchers conclude that the claims of long-standing allocations principles such as housing need, fairness and equality of opportunity must not be dismissed too readily in order to achieve a promise of community sustainability that may, in the long run, prove difficult to sustain.

About the study
This study was undertaken by a research team from the Centre for Regional Economic and Social Research, Sheffield Hallam University. It is based on:

- a telephone survey of 58 local authorities and Registered Social Landlords which have engaged in some form of small area profiling activities and adopted or seriously considered the introduction of local lettings policies;
- four in-depth case studies of social landlords that participated in the wider survey;
- interviews with local authority and RSL staff in areas where local lettings policies have been introduced or considered;
- data drawn from the CRESR Analysis of HIP Data 2000 carried out for the DETR;
- a review of relevant literature, documents provided by participating social landlords;
- a review of summaries of successful submissions by lead authorities taking part in the DETR choice-based pilots initiative.

How to get further information
The full report, Social engineering or consumer choice? Rethinking housing allocations by Ian Cole, Barbara Iqbal, Louise Slocombe, and Tony Trott, is published for the Foundation by the Chartered Institute of Housing (ISBN 1 903208 18 1, price £13.95).