

The viability of furnished tenancies in social housing

Poverty leaves many tenants or potential tenants of social housing without the means to buy decent furniture. A study by Barney Rooney examined the experience of housing associations and local authorities letting furnished tenancies, from both the landlord and tenant perspectives.

-  Only a small number of local authorities and housing associations provide mainstream furnished tenancies. Most schemes are small in scale and many of them are experimental in nature. Newcastle City Council is the only English authority with large-scale provision.
-  In most schemes demand is greater than provision. The impossibility for many people of acquiring decent furniture was clear.
-  Furnished housing was benefiting a wide group of people in a range of different housing circumstances. It was by no means restricted to young single people, although these were in the majority. Family disputes, relationship breakdown, bankruptcy, death of a parent and loss of the parental home left people from a wide range of circumstances without furniture or the means to acquire it.
-  Some people felt that the provision of furniture made a real difference to their ability to take up a tenancy and to keep it.
-  While tenants generally valued the furnished tenancy highly, some were concerned about the cost of renting it, the fact they would never own it and general lack of choice over the items they could receive. Many were unclear about their responsibility for the furniture and what would happen if they moved.
-  The cost to individual tenants varied widely and was not wholly related to the amount of furniture provided.
-  There is a tension for housing providers in drawing a balance between using furnished tenancies to meet housing need versus their use to fill difficult-to-let property. The way that the balance is drawn has important effects on who is eligible for furnished tenancies, the level of choice available to tenants and the costs to the tenant.
-  All schemes have developed locally. There is no national policy, funding framework or regulation for the development of furnished housing.

Scale of provision

Furnished tenancies in mainstream provision are relatively uncommon but the practice is growing. A survey of housing providers in England suggests there are currently under 7,000 provided by twelve housing associations and twenty-three local authorities. Most are small-scale with Newcastle City Council the market leader with a current target of 4,000 tenancies.

Schemes are focused on varying balances of two main objectives: meeting specified housing need (often of young single people) and increasing occupancy or stabilising tenancies in difficult-to-let property. Most schemes have some sort of restriction on eligibility of tenants and properties but there are also 'universal' schemes where all new tenants may choose for any property which they may be allocated to be furnished.

With only a few exceptions tenants are in receipt of housing benefit. For some schemes it is a requirement and all schemes use it as the central mechanism for funding. The most common reason for needing furnished tenancies is essentially economic but the circumstances leading to this vary. In the study many tenants were still in the transition to independent living, in some cases against a background of family dispute, but the need also arose due to the breakdown of relationships, bankruptcy, moving to a new area, death of a parent and loss of parental homes. Tenants tend to be young, with a high proportion single, more men than women, with men tending to be older than women. The majority of tenants in the sample (66 per cent) were unemployed and a further 23 per cent in receipt of sickness/invalidity benefit. A small number were in work and did not receive housing benefit. Seventy per cent of the tenants had already had a tenancy before moving into their furnished home.

Why tenants chose a furnished tenancy

The main reason why tenants chose a furnished tenancy was that they had no other means of getting furniture. This was supported by the ways in which they acquired other household goods. Less than 20 per cent had bought anything new for their home but relied on second-hand shops (29 per cent), friends (32 per cent) or members of their family (36 per cent) for additional furniture and furnishings. Most tenants had not made any application to the social fund; they gave little indication that it was regarded as a viable alternative to the furnished tenancy.

One-third of the tenants said that they had not been offered a choice between a furnished or unfurnished tenancy. In many cases tenants had only spent a very short time on the waiting list. In the survey 50 per cent had been on the waiting list for less than one month and several less than a week.

Effectiveness

Furnished tenancies are highly valued by tenants for the quality of provision, as a straightforward way of getting furniture, for their effect in the relief of the stress in poverty and their ability to break into patterns of homelessness. Tenants' level of satisfaction with the quality of furniture was high, although the uniformity of provision meant not all items were suitable for everyone. Interviews with tenants illustrate that furnished housing can be an efficient way of providing accommodation to a normal standard of decency which is beyond reach at benefit level.

"... all the furnishings in the flat are brilliant. I could not afford furnishings myself otherwise. The furniture is first class. I couldn't have picked better myself."

23-year-old man

Twenty-four per cent of tenants felt they would not still be living in their home had it not been furnished and a further 17 per cent were unsure:

"I would not have been able to take up the tenancy or stay in it if it hadn't been furnished. I had just arrived in the city with my young children and have no family for support and DSS would not provide furniture. Although the area is no good and the house isn't great the furniture makes it possible to live here."

22-year-old woman with 3 children

"The good thing is that because I had nothing I was moving with something so it wasn't hard because I had a few things to look forward to and I am happy with them."

20-year-old woman with 1 child

"This scheme is beyond praise by me. I still wake up after 3 months and have to pinch myself to believe it."

52-year-old man

Most tenants saw furnished tenancies as a bridge to more conventional provision in which they would acquire their own furniture.

Furnished homes schemes have developed in very local conditions and, in England, there is no policy or funding support from the centre. Local schemes have therefore struggled to establish viable practices. The most common criterion used by providers to assess the effectiveness of provision is viability, shown by demand for tenancies, low loss of furniture and the appearance of working. In most schemes demand is greater than provision.

Effectiveness in increasing lettings and improving stability of tenancy depends on the type and style of

service which is offered being suitable for local housing need. The study illustrates that furnished tenancies, as part of a broader management repertoire, can be particularly effective if the service is designed and administered to achieve these ends. The risk of furniture being stolen is commonly seen as a threat to viability but can be managed within acceptable limits through a range of security measures and good management and administrative practice.

With furnished tenancies providers have devised a mechanism which can make accommodation useable in a way that is consistent with the role of social housing and which is clearly capable of meeting the housing needs of tenants in a range of circumstances.

Limitations of furnished provision

There is a tension in designing schemes so that there is a balance between housing need and management imperatives. There are costs for tenants in the lack of flexibility within furnished tenancies. Some of this is the effect of housing benefit regulations with their restriction on ownership of the furnishings which can cause difficulties on movement and transfer; other elements, mainly around choice of goods, come from the way the scheme is designed and administered by the provider. In most schemes tenants did not have any choice about the amount of furniture. There was a relatively high awareness that the furniture would never be theirs (74 per cent) but people were less sure who was responsible for normal maintenance, with 48 per cent thinking it was their responsibility and a further 28 per cent unsure. There was a good deal of confusion about what would happen if they wanted to revoke their furnished tenancy but remain in the present accommodation. Forty-two per cent did not know where they stood and a significant proportion of those who thought they did know were incorrect. None of the schemes in the survey sample was designed to accommodate tenants' wishes to acquire their own furniture or change the amount of furniture.

Housing benefit regulations make it clear that the provision of furniture is a service which, explicitly, is not a route to ownership of goods. Service charges vary widely because of different amounts of furniture provided and different accounting procedures. In a sample of 3 agencies the weekly service charge for the package provided for single person accommodation was £5.50, £8.35 and £18.62. While these were for very different amounts of furniture the relationship between the charges and the actual cost of furniture also varied widely from scheme to scheme.

There is a clear benefit for providers in repaying start-up costs over a short-term period, leading to a high service charge. The idea that it doesn't matter to tenants because they get housing benefit is

common, but there is a clear trap which will leave the tenant with no prospect of maintaining the tenancy should they find work. The service charge can reinforce the 'poverty trap' already effected through high rent level, and can introduce a 'furniture trap' where, in changed circumstances, the tenant no longer 'needs' the furniture but will not be allowed to retain the tenancy as unfurnished.

Some tenants had done their own sums in working out the costs:

"If I were to remain a tenant for a long period, the increased rent would mean you would pay back the cost of the furniture several times."

Any direct equation between housing need and furnished provision can be clouded by the lack of regulation on what elements of the service charge can be claimed against housing benefit and by the potential to use furnished tenancies as a way of filling empty properties. The ability to incorporate a wide range of goods within the provision, goods which would be difficult to consider as essential furniture, and the selectivity over who gets the service and who doesn't, means that, effectively, the furnished tenancy becomes a personal benefit for those selected by the housing provider. There are issues of accessibility and of accountability to be considered in the processes by which this benefit is allocated.

Implementation

Getting started is difficult. The financing of furnished tenancies is straightforward. Furniture is bought using reserves, the cost recouped over the estimated life of the furniture, usually depreciated over 5 years. The cost of administration, maintenance and losses are then estimated. The weekly cost becomes the service charge which is added to the basic rent and is eligible for housing benefit. But lack of start-up funding, lack of encouragement or guidance from central government and doubts about viability are concerns. The amount of management and administration needed is high at the beginning and may seem disproportionate to the scale of provision. Schemes which envisage large-scale provision tend to develop incrementally.

The amount of furniture provided has important knock-on effects for the tenant and the cost of administration. Decisions about the preferred amount reflect relatively subjective ideas of what tenants might need and what will enhance the attractiveness of the property. Restriction to core goods is easier to administer and may have least potential negative effects for tenants, but decisions should take account of individual and local need.

Conclusions

Furnished provision is widely needed and the private sector is unlikely to undertake the investment to meet potential demand. It is an appropriate area of expansion for social housing, adds to the repertoire of housing management, offers a variety of uses, styles and scales in keeping with shifts in social housing and the erosion of rigid segmentation in housing markets.

The study acknowledges that the use of furnished tenancies in mainstream social housing is fragmented and localised and that, given uncertainty over the future of service charges within housing benefit, the legitimacy of the practice is not established. It proposes that the provision would benefit from a wider debate about practice and that there is room for some central intervention which recognises the existence and the value of furnished tenancies, considers the possibility of financial support to encourage particular models of practice, and in that process, begins to address the edges at which local interpretation tests principles of good practice. These have been identified in the study as:

- a range of potential drawbacks for tenants;
- issues of access to tenancies and to the level of benefit that tenancies can carry;
- definitions of where furniture shades into household consumer goods and of their eligibility for inclusion within service charges;
- the relationship between the cost of furniture and the service charge where the absence of regulation of both the potential size of the service charge and of the way that costs are constructed into a service charge looks anomalous.

About the study

The study addresses issues in the design and implementation of furnished provision from tenant and provider perspectives. It was carried out between late 1994 and early 1997. It is based on interviews with tenants in 6 new furnished schemes which had progressed to the allocation of tenancies within the period. Eighty-five tenants were interviewed at the

beginning of their tenancy. Fifty-five of these completed a second questionnaire at least 3 months later. A survey of tenants who had been allocated an unfurnished tenancy in the same period in one of the study areas provided a further sample of 14 interviewees.

The survey of tenants was complemented by a postal/telephone survey of housing providers to assess the extent and nature of mainstream furnished provision in England. The fieldwork was complemented by interviews with staff in participating agencies and consultation with the major providers in Glasgow and Newcastle.

Further information

The full report, *An evaluation of furnished housing in mainstream practice* by Barney Rooney, is published by The Policy Press in association with the Foundation. It is available from The Policy Press, Rodney Lodge, Grange Road, Bristol BS8 4EA, Tel: 0117 973 8797, Fax: 0117 973 7308 (ISBN 1 86134 073 7, price £11.95).

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