







Mutual exchange as a means of moving home for tenants

Mutual exchanges occur when two tenants swap homes by legally assigning their tenancies to each other. In the last five years, nearly a quarter of a million social housing tenants have moved home in this way. To date, little has been known about the characteristics of tenants who exchange homes and the outcomes of their exchanges. The research team (Michael Jones and Frauke Sinclair of the University of Cambridge) have carried out the first detailed study of mutual exchanges. They found that:

-  Mutual exchanges were an important source of movement within the social rented sector, and offered a route to mobility for groups with relatively few other housing options. Lone parents in particular were more likely to move home through mutual exchange.
-  In common with most moves by social housing tenants, most mutual exchanges took place over relatively small distances. Around 75 per cent of exchanging households moved within five kilometres, and over 10 per cent moved less than 500 metres. Only 5 per cent moved more than 50 kilometres.
-  Tenants used a range of search strategies to identify their move partners, although advertising through the landlord was the most consistently used method. Use of the national HOMESWAP scheme increased with the distance moved. Word of mouth predominated for short-distance moves.
-  Employment-related reasons for moving were of marginal significance, even for longer-distance moves. Less than 2 per cent of exchanging households moved for work reasons, and only 5 per cent of the few who moved more than 100 kilometres did so for this reason.
-  Tenants' decisions to move by mutual exchange did not appear to be influenced by the difference in rent between their old and new homes. This applied equally to households whose rent was met by Housing Benefit and to those meeting the full costs themselves.
-  Differences in the degree of legal security of tenure offered by the various types of social landlords did not seem to affect the decision to move from one type of landlord to another.

Background

The past few years have seen growing concern over the long-term implications of bureaucratic letting systems, typically based on housing needs, whereby prospective tenants are 'allocated' property rather than exercising choice over their future homes. A small but increasing number of social landlords have begun experimenting with schemes for choice-based lettings. Here, applicants for social housing are able to exercise a wider choice over properties, with more transparent 'market' style information. These initiatives have been taken up and extended in the Government's housing policy statement *Quality and choice: a decent home for all – the way forward* (Department for the Environment, Transport and the Regions, 2000). Housing allocations, and their alternatives, are firmly on the policy agenda.

Little research has been focused on the long-established means of moving within the social rented sector whereby tenants 'swap' homes by assigning their tenancies to each other. Mutual exchanges are housing choices that reflect the spontaneous and largely self-organised activity of tenants. The outcomes of mutual exchanges thus shed new light on the choices that tenants make for themselves, rather than those offered by landlords.

This first detailed study of mutual exchanges sought to identify the characteristics of tenants who exchange homes, and the outcomes of such exchanges.

Patterns of movement in social housing

Moves by social housing tenants through mutual exchange form only part of a complex pattern of movement by applicants and tenants into, within and out of social housing.

Over the five years from 1995 to 2000, there were nearly 2.7 million lettings to social housing tenants, just over 1.6 million of which were lettings to new entrants. The remainder were lettings to existing social tenants, whose method of moving was by mobility schemes, direct application or nomination to other social landlords, transfer within their current landlord's stock, or mutual exchange. Out of nearly a million lettings made in this way over the five-year period, nearly a quarter of a million were as a result of tenants moving through mutual exchange.

There is a strong relationship between the overall rate of new lettings and the rate of internal movement within the stock. There is a clear connection between higher rates of new lettings and lower rates of internal movement. At the national level, transfers and mutual exchanges have both declined consistently as new letting rates have risen. This relationship has a discernible geographic pattern, reflecting the relative supply and demand in different parts of the country.

However, within this pattern the importance of the particularity of local housing markets shows through.

Mobility within social housing

For social housing tenants wishing to move home, the research revealed that a distinctive and different role was played by each of the main options available to them, and that each option catered for a different profile of households.

Moving, no matter which option was chosen, was most commonly pursued by households with dependent children. Although these make up just under a third of all local authority tenants, 57 per cent of all moves out of local authority housing into other sectors were made by families with dependent children. Among tenants moving within the social housing sector, families with children were 42 per cent of all transfers but 70 per cent of all mutual exchanges.

Among households with dependent children, moving to another home in the social housing sector is also related to the number of parents. While single-parent and two-parent families are equally represented in social housing, lone parents are nearly 50 per cent more likely to be transferred by their landlord than two-parent families, 50 per cent more likely to be seeking to exchange, and 80 per cent more likely to have actually moved by exchange than two-parent families. Couples with dependent children, however, are four times as likely to move into owner-occupation as are lone parents, a consequence of their greater earning capacity.

Achieving a mutual exchange

Searching for, and finding, a suitable mutual exchange presents problems not found in the owner-occupier or private rented sectors. There, house seekers are offered a choice of properties with vacant possession. The process of searching for a suitable property is aided by the existence of an extensive national network of specialist intermediaries, estate agents and standard forms of advertising.

These factors are not present in the case of mutual exchanges. Moreover, tenants seeking a move in this way must necessarily find other tenants who are willing to exchange their own property for that of the seeker. This requirement for reciprocity and mutual acceptability is unique in the operation of the housing market.

The study found that tenants used a wide range of media to find potential exchange partners. The advertising methods perceived by exchangers to be the most effective were closely related to the distance that exchangers actually moved. For very short-distance moves, word of mouth predominated. For moves within the same district, the information service supplied by landlords appeared to be the most

effective. For the small numbers of long-distance moves, advertising in newspapers and the facilities of HOMESWAP were the most important.

Motivation for moving

Those who were seeking and those who had achieved an exchange showed some clear differences in the reasons given for wanting to move by exchange (see Table 1).

Those who had been successful in moving were almost evenly split between those giving property-based reasons for wanting to move and those who wanted to move to a different area. Only among lone parents did area-related reasons predominate. Those who had been unsuccessful in achieving an exchange, on the other hand, were much more clearly

interested in changing their location. Nearly two-thirds gave area-based factors as the primary reason for the move. Only among couples with dependent children were the patterns of successful exchangers mirrored.

Distances moved

Despite this concern with locality and neighbourhood, most moves were made over relatively short distances: over half were within a radius of 2.5 kilometres, and nearly three-quarters within a radius of five kilometres. Only 5 per cent of moves exceeded 50 kilometres in distance (Figure 1).

The long-distance moves that were achieved by mutual exchange did not appear to be connected with employment. Of the 53 households moving more

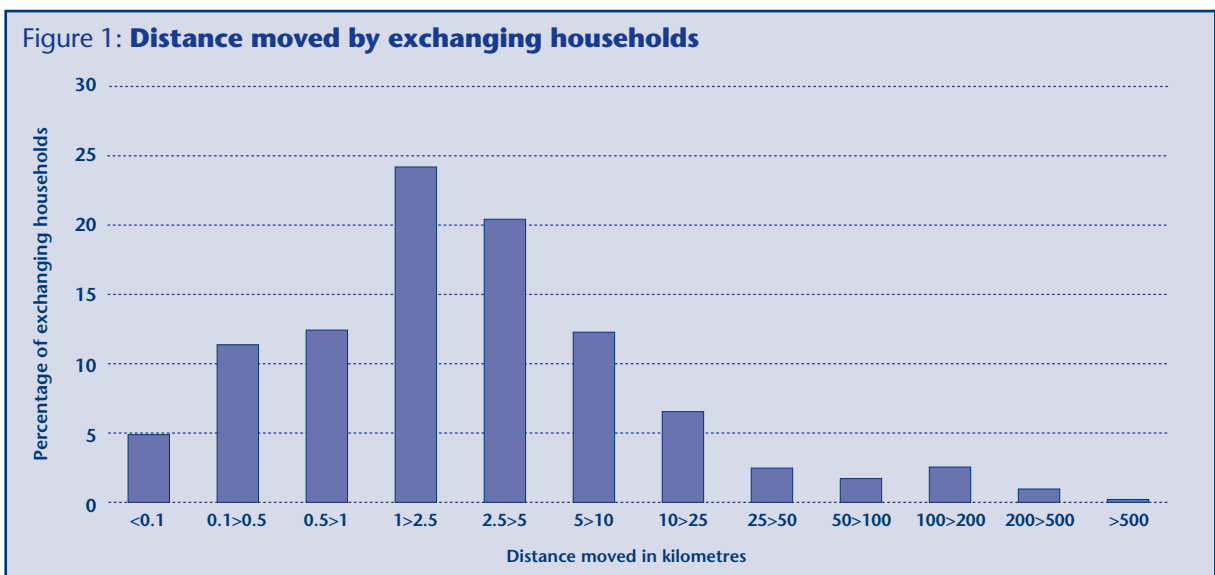


Table 1: Seekers and exchangers – reasons for wanting to move

Household type	Reason for wanting to move (%)				Total
	More suitable property	Different area	Property and area		
Seekers					
One person > 65	1.6	10.2	0.2		12.0
One person < 65	4.5	12.0	0.3		16.8
Multi-adult	2.7	5.3	0.3		8.3
Childless couples	3.6	9.2	0.7		13.5
Couples with children	10.5	8.4	0.6		19.5
Lone parent families	11.3	18.2	0.3		29.8
Total	34.2	63.3	2.4		100
Exchangers					
One person > 65	1.5	0.3	3.2		5.0
One person < 65	7.3	5.4	0.3		13.0
Multi-adult	3.5	3.4	1.2		8.1
Childless couples	3.1	1.6	0.3		5.0
Couples with children	10.7	10.2	2.8		23.7
Lone parent families	18.5	21.8	4.9		45.2
Total	44.6	42.7	12.7		100

Table 2: **Rent differences by work status (equivalent property size)**

Change in rent	<i>All households (n=233)</i>			<i>Households with at least one full-time worker (n=68)</i>			<i>Households with no full-time worker (n=165)</i>		
	Increase by more than £5	Between £5 more to £5 less	Decrease by more than £5	Increase by more than £5	Between £5 more to £5 less	Decrease by more than £5	Increase by more than £5	Between £5 more to £5 less	Decrease by more than £5
Total number	70	98	65	21	29	18	49	69	47
Percentage	30%	42%	28%	31%	43%	26%	30%	42%	28%

than 50 kilometres, only a handful did so for work-related reasons. Indeed, moving by mutual exchange at these distances appeared to be largely confined to those with no current engagement in the workforce.

The influence of rents

Mutual exchanges between tenants provide a unique source of direct, experimental evidence of tenants' behaviour in choosing combinations of price and quality.

Table 2 demonstrates that a willingness to accept changes in rent as a consequence of mutual exchange was not connected to the work status of the household. Analysis of the extremes of the range – i.e. the characteristics and moves of the ten households experiencing the largest increases/decreases in rent as a result of their exchange – maintained this pattern.

There was thus no discernible tendency for households with a direct financial interest in rent levels to choose exchanges that resulted in lower rents. There was also no evidence that households dependent on Housing Benefit had any predilection to choose exchanges resulting in a higher rent. These findings throw doubt on the assumptions that have been made about the behaviour of tenants in relation to variations in rent.

Informed choice

The results of the study raise some questions about how well informed people are about some of the implications that follow from their exchange. Nearly 15 per cent of the sample of exchangers claimed that one of their motivations for moving was the future prospect of exercising the Right to Buy. Yet for the same people, the tenancy they had been assigned ruled out this possibility.

There are also questions about how well informed tenants are about the range of other potential exchange partners nationally, and even locally. Landlords have an important role to play in ensuring that possible exchange opportunities are well

publicised, and that tenants are aware of what assigning their tenancy entails.

The researchers conclude that the lack of an accepted, readily available and transparent process for marketing mutual exchanges may be inhibiting the number of exchanges and the distances over which they occur. This unnecessarily constrains a route which represents a real opportunity for choice-driven tenant mobility.

About the project

The research was carried out in 1999-2000. It was based on four elements: a questionnaire survey of tenants who had exchanged homes; a postal questionnaire survey of tenants seeking to exchange and who were registered with HOMESWAP; a postal questionnaire survey of social housing landlords with more than 500 homes; and a comparative analysis of the moves made by social housing tenants transferred by the landlord.

How to get further information

The full report, **Doing it for themselves: Mutual exchanges and tenant mobility** by Michael Jones and Frauke Sinclair, is published for the Foundation by YPS (ISBN 1 84263 024 5, price £13.95). It is available from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO31 7ZQ, Tel: 01904 430033, Fax: 01904 430868, email: orders@yps-publishing.co.uk. (Please add £2.00 p&tp per order.) You can also download this report free from www.jrf.org.uk (ISBN 1 84263 091 1).

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