

## **Changing the profile of social housing:**

### **The impact of prioritising working applicants on letting patterns**

#### **Working note**

**Anna Clarke and Sarah Monk**



# Changing the profile of social housing: The impact of prioritising working applicants on letting patterns

## Context

There has been a long standing concern about high levels of worklessness in social housing (Hills, 2007; Fletcher et al, <sup>1</sup>) and there is a current political appetite for making housing a reward for those who contribute to society and not a right for everyone who has a need. Examples include the eviction of rioters in the summer of 2011, plans to change the law so that tenants can be evicted for criminal acts regardless of where they took place (not just in the immediate neighbourhood), increased freedom for local authorities to refuse people e.g. who have not lived in the area long enough), greater enthusiasm for low cost home ownership as a form of affordable housing because the occupants are working people and thus deserve help, and finally suggestions of prioritizing housing for 'good citizens' and /or those in work or looking for work.

*"For years the system for social housing has been associated with **injustice** - where rewards are reaped for those who know how to **play the system** the best. Despite this **terrible image** a lazy consensus in social housing has ensured that, for an entire generation, no one has bothered to do anything about it.....*

*No longer will people who gain a council house be able to leave their aspiration and ambition at the door - instead, they will be helped to make a better life for themselves and their communities.*

*"These changes will not only ensure more people benefit from the **privilege** of living in a social home, it will also restore pride to social housing, so a social tenancy is no longer seen as a **stagnant option** for life, but a **launch pad to fulfill aspirations**." (Shapps, 2012)*

This working note looks at data on new entrants to social housing to explore the possible impacts of giving greater priority to working households.

## Making housing conditional on seeking work – examples of recent schemes

- Westminster - Households where the main applicant has been working under a written contract for at least two years will be given priority, and people who have been seeking work for the same period of time will be eligible for extra points if they have engaged with the council's homelessness employment learning project.
- Southend - The council plans to put aside 20 per cent of its 6,200 homes for households in employment.
- Manchester - Households on the waiting list who are working will be put in a higher priority band than they would otherwise have been.

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<sup>1</sup> Hills J (2007) *Ends and Means: The Future Roles of Social Housing in England*, CASE report 34, LSE, London.  
Fletcher, D., Gore, T., Reeve, K. and Robinson, D. (2008) *Social Housing and Worklessness: Qualitative Research Findings*, Department for Work and Pensions, London.

- Wandsworth - Applicants who are unemployed, and of working age and physically capable of work, will be granted two-year tenancies on the condition that they find make every effort to find work or enrol on a training course.

## **The impact on lettings of prioritising people in work**

Currently 33 percent of lets in social housing go to households with at least one member in work (CORE, 2011). The question we would ideally like to ask is:

*What would happen if 20 percent of all new lettings were ringfenced to people in work?*

This is now simple to answer. It is possible that 20 percent of new lets would go to workers, along with 33 percent of the remaining 80 percent of lets, giving a total of 46 percent of lets to working households.

However, it is likely that the proportion of lets to working households would not increase this much because the remaining lettings may go disproportionately to those who are not in work. This in theory mean that the 33 percent remains unchanged overall, though there may be some spatial distribution of working households if the lets that are ringfenced for them are concentrated in certain areas (such as areas with high deprivation, or newbuilt properties).

Ringfencing 20 percent of lets for working households in an area with average levels of rents to working households at present would therefore increase the proportion of new lets to workers from its current 33 percent to somewhere in between 33 percent and 46 percent.

In order to model the effect of such a policy, we have taken a possible scenario of lets to working households increasing by 10 percentage points from 33 percent to 43 percent and therefore ask:

*What would happen if the proportion of new entrants in work increased from 33 percent to 43 percent?*

This working note explores the implications that such a move would have on the profile of new entrants to social housing. Within this there would be both winners and losers in terms of accessing the sector.

## **Modelling the impact of changing lettings**

We used CORE data from 2010-11 to model the impacts of such a change. CORE data includes information on the large majority of households who were let properties in England in either the council or housing association sector, including transfers within the sector. Households with anyone in either full or part-time work were counted as households in work.

We have assumed that the composition of the in-work group remains the same but its proportion increases overall from 33 percent to 43 percent (i.e. an increase of 30.3 percent in the size of this group).

We have assumed that the composition of the out of work group remains the same, but the proportion is reduced in total so that they form 57 percent rather than 67 percent of total new entrants to the sector.

We have assumed no behavioral change in terms of getting work as a result of this policy, though acknowledge that behavioral change is one of the aims of such a policy.

## Results

Looking first at the demographic characteristics of new entrants to the sector in 2011, Table 1 shows the winners and losers, giving their proportionate increase amounts households who are allocated properties in brackets.

**Table 1 Demographics**

<p><b>Winners</b></p> <ul style="list-style-type: none"> <li>• Couples with children (13.3%)</li> <li>• Couples without children (10.5%)</li> <li>• Other household types (6.9%)</li> <li>• Households with one or two children (4.2%)</li> <li>• 25-42 year olds (3.7%)</li> </ul>	<p><b>Losers</b></p> <ul style="list-style-type: none"> <li>• Over 65s (-12.2%)</li> <li>• Single elderly people (-11.8%)</li> <li>• 16-17 year olds (-11.8%)</li> <li>• Elderly couples (-5.3%)</li> <li>• Single parents (-3%)</li> <li>•</li> </ul>
<p><b>No statistical difference</b></p> <ul style="list-style-type: none"> <li>• Ethnic group</li> </ul>	

Next we look at the previous tenure of new entrants. Table 2 shows which groups would have increased and which would have shrunk if lets to working households increased from 33 percent to 43 percent.

**Table 2 Previous tenure**

<p><b>Winners</b></p> <ul style="list-style-type: none"> <li>• Tied housing or renting with job (10.8%)</li> <li>• Private sector tenancy (4.9%)</li> <li>• Living with family (3.6%)</li> </ul>	<p><b>Losers</b></p> <ul style="list-style-type: none"> <li>• Prison (-12.8%)</li> <li>• Home Office Asylum Support (-12.0%)</li> <li>• Women's refuge (-11.4%)</li> <li>• Hospital (-11.2%)</li> <li>• Direct access hostel (-10.5%)</li> <li>• Supported housing (-10.1%)</li> <li>• Housing for older people / residential care home (-9.7%)</li> <li>• Children's home or foster care (-9.7%)</li> <li>• Approved probation hostel (-9.6%)</li> <li>• Bed and breakfast (-7.9%)</li> <li>• Foyer (-7.7%)</li> <li>• Short life housing (-6.1%)</li> <li>• Rough sleeping (-5.2%)</li> </ul>
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The third table shows changes according to the reason why new tenants were allocated social housing.

**Table 3 Reasons for housing**

<b>Winners</b>	<b>Losers</b>
<ul style="list-style-type: none"><li>• To move nearer work (22.4%)</li><li>• Could not afford rent or mortgage (10.8%)</li><li>• Property unsuitable because of overcrowding (6.8%)</li><li>• Loss of tied accommodation (6.1%)</li><li>• End of Assured Shorthold tenancy (4.3%)</li><li>• Eviction or repossession (3.2%)</li><li>• Non-violent relationship breakdown (3.3%)</li></ul>	<ul style="list-style-type: none"><li>• Discharged from prison/long stay hospital/other institution (-11.9%)</li><li>• To move to accommodation with support (-9.6%)</li><li>• Left home country as refugee(-7.9%)</li><li>• Property unsuitable because of ill health/disability (-7.2%)</li><li>• Domestic violence(-6.9%)</li><li>• To move nearer to family, friends, school (-3.8%)</li></ul>

## **Conclusions**

The most vulnerable groups are more likely to be out of work and therefore are most likely to lose out from the policy. There is thus a clear conflict between helping those in greatest need and prioritising households in work.

There may also be an impact on the costs to the government of Housing Benefit (Local Housing Allowance) if more out-of-work households live in the private rented sector. This model has however, assumed no change in applicants' behaviour in terms of making greater efforts to find work in order to access social housing.