

JRF Programme Paper
Housing and poverty

**THE ROLE OF HOUSING
ORGANISATIONS IN
REDUCING POVERTY:
A REVIEW OF STRATEGIC
AND BUSINESS PLANS**

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This paper:

- considers the role of housing providers in reducing poverty;
- reviews the policies and strategies of housing organisations in relation to the needs of households experiencing poverty;
- presents a framework for future analysis of provider strategies.

The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its programme on housing and poverty, which aims to identify effective housing solutions for people living in poverty.

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Summary

This report presents the findings from the first stage of work in a project to assess how far the strategic and business plans of landlords explicitly take into account the needs of households and individuals experiencing poverty. The project will run until December 2014. The initial stage comprised three distinct strands of work:

- a literature and policy review;
- a housing market analysis;
- the development of a framework for analysing housing organisations' strategies.

Each of these will inform the rest of the study.

Literature and policy review

The literature and policy review builds upon the recent JRF review (Tunstall *et al.*, 2013) which concludes that 'housing costs-induced poverty' has been increasing over the last two decades but that 'good quality, low-cost housing has, at least partly, broken the link between poor housing conditions and poverty in the UK'. The review acknowledged the growing role played by the private rented sector in housing poorer households and calls for policy to pay closer attention to links between housing and poverty.

The JRF review also considered the role of support services provided by landlords in reducing poverty, noting the paucity of evidence in this area.

Key findings:

- Despite the growing importance of housing costs in determining who is in poverty in recent decades, the focus has shifted toward agendas such as social exclusion and tenure residualisation. Understanding the ways housing and poverty interact has been less of a focus.
- There is relatively little recent literature around developing explicit anti-poverty strategies. An evaluation of an early 1990s Housing Corporation programme (New Policy Institute, 2001; New Policy Institute, 2006) concluded that anti-poverty work should not be seen as an 'optional extra' but as a fully integrated part of general management and development strategy.
- The Joseph Rowntree Housing Trust has one of the most explicit agendas of 'becoming an anti-poverty landlord, with a focus on individual case work, financial inclusion, staff pay, affordable credit and 'poverty-testing' other policies'.

- There is debate around how housing associations should balance new commercial aims, development of new housing requiring rent maximisation and the traditional goals of a social landlord, such as addressing poverty and homelessness.
- The provision of low-rent housing has made a significant contribution to reducing poverty and the effects of low incomes in the UK. There is evidence that high rents can lead to overcrowding.
- Housing benefit has mitigated the effects of rents on poverty levels, though this effect is likely to reduce under Universal Credit for low-waged workers.
- The new 'Affordable Rent' product, where rents can be up to 80 per cent of the market rent, has given landlords greater control over rent setting, but is likely to increase the poverty of in-work tenants or those for whom housing benefit does not cover their entire rent.
- Private landlords do not face the same constraints as social landlords in setting rents though there are limits to the amount of housing benefit that may be paid for low-income tenants in the sector. Recent welfare reforms have reduced these limits, which may increase poverty if tenants fail to find accommodation within the new limits.
- Work carried out by social landlords in order to affect their tenants' disposable incomes and help mitigate the effects of poverty includes:
 - increasing the energy efficiency of their homes
 - helping tenants access support services, or providing support and advice directly
 - improving access to market housing
 - improving neighbourhoods and community cohesion
 - tackling worklessness by helping tenants find paid work or increase earnings.

Housing market analysis

This analysis was done to help understand the different types of housing markets in relation to rented housing and poverty. This will help identify where we might expect to find different kinds of focus on poverty in the strategies and business documents of housing organisations.

The intention was to establish a broad typology of areas, using a cluster analysis from which we can choose a broadly representative sample of areas for detailed analysis in

the next stage of the research. Six distinct clusters were identified, which were broadly classified as:

Cluster 1: *'Home-owners in the countryside'*

This is the most rural of all the clusters with high rates of owner-occupation and low proportions of people on benefits. Income levels are typically somewhat below average and rents also relatively low. Rates of homelessness and overcrowding are both low on average, though the proportion of non-decent housing is higher here than elsewhere. Local authorities in this cluster are spread throughout England though they are neither in nor near to London.

Cluster 2: *'The squeezed middle'*

The local authorities in this cluster are close to average on many of the variables in the model. Local authorities that include new towns are often found in the cluster. As with Cluster 1, these areas generally have relatively low incomes and house prices. The growth in benefit rates over the past decade is highest in this cluster, suggesting these areas may be struggling with the impact of the recession more than other areas, or experiencing an inflow of poorer households.

Cluster 3: *'The affluent south east'*

This cluster has a predominately older population than average with low levels of students, shared housing or lone parent households. House prices, rents and incomes are all a little higher than average. Owner-occupation rates are high and the private rented sector that does exist predominately caters for the middle or upper end of the market.

Cluster 4: *'Industrial towns'*

Local authorities in this cluster are predominately industrial or ex-industrial towns in the north of England. House prices and rents are substantially lower than average, and wages too are low in most of these areas. Many economically vulnerable people still depend on the private sector in this cluster. However, homelessness appears low and levels of shared housing are also low, suggesting that overall, housing supply and demand are reasonably balanced in these areas.

Cluster 5: *'Pressured city housing markets'*

This cluster comprises most of outer London and also many major cities. Income levels are overall average for this cluster, but rents and house prices are mostly well above average. The pressure on housing is reflected in high rates of homelessness, houses in multiple occupation (HMOs) and overcrowding. The population is on average younger than in other areas with particularly high numbers of students.

Cluster 6: 'Inner London'

This distinct cluster comprises most of the inner London authorities with a few in outer London. Rates of homelessness and overcrowding are much higher than the other five clusters. Poorer households are predominately found in the social rented sector.

Whereas claimant rates have risen overall in each of the other clusters in the past ten years, in this one they have fallen. This suggests either that central London has not suffered job losses seen elsewhere during the recession, or that benefit-dependent people have moved away from central London over the last ten years.

Development of a framework for analysis

There is a wide range of different types of strategy document produced by housing organisations. Some types of strategy are produced in a similar form by each organisation, and have a similar content. Others, however, differ between organisations, and some organisations refer to the same activity in more than one document. There is therefore an unclear relationship between the type of strategy and the type of action or policy contained within it.

Within the different types of strategy examined, seven key themes could be identified covering:

- rent setting;
- core housing management;
- supporting tenants;
- housing and homelessness advice and support;
- developing new housing and managing portfolios;
- allocations and lettings;
- wider community work.

The content of the strategies can be classified as relating to:

- the impact of *housing circumstances* on poverty;
- the *wider work of housing organisations* on poverty, above and beyond their basic function of providing housing.

In addition, the potential impact on poverty within the strategies can be classified as relating to:

- activities with a potential direct impact on poverty;

- activities with a potential impact on employment and earning potential;
- activities with a potential impact on wider material deprivation and the consequences of poverty.

The literature and policy review, housing market analysis and framework will all be drawn on and developed during the course of the main part of the analysis of housing organisations' business plans, strategies and documents and in conjunction with our literature review.

Introduction

The overall aim of this project is to assess how far the strategic and business plans of landlords, and their practices, explicitly take into account the needs of households and individuals experiencing poverty.

Recognising the substantial change in the nature of the organisations delivering housing to low-income households in recent years (Kemp, 2011), the study includes not only local authorities, arms length management organisations (ALMOs) and housing associations, but also private landlords and letting agencies.

The research takes into account the fact that the focus on addressing poverty is often implicit rather than explicit in the strategies and operational processes of housing organisations. In addition, impacts on poverty clearly do not arise only from deliberate actions and policies, but also as unintended consequences, or as side effects of other policies.

The research runs from June 2013 until December 2014, and has three stages of work:

- an initial set-up stage;
- a review of documents and strategies;
- exploration of the implementation of strategy in practice.

This initial report presents the conclusions from the initial set-up stage of the work. This stage had three elements:

- a literature and policy review;
- a housing market analysis, undertaken to:
 - help choose case studies
 - provide a context in which to analyse the findings from the documentary review;
- the development of a framework for analysing the strategies and documents of housing organisations, based on initial interviews and analysis of documentation from nine housing organisations chosen to reflect a range of the types of organisation operating in England.

Context

As noted in previous JRF research (Tunstall *et al*, 2013) the cost of rental housing is central in its relationship with poverty; lower rents enable people to have more disposable income after paying their housing costs.

Nevertheless, the way in which the benefit system has functioned over recent decades has meant that social housing providers in particular have not had to interact with their tenants regarding their ability to pay, as Housing Benefit has generally covered the entire rent for low income tenants. The rent levels charged on social rented properties (or on private rented ones within Local Housing Allowance limits) have therefore had very little direct bearing on the disposable income of tenants poor enough to be claiming housing benefit.

Low-waged tenants not eligible for housing benefit were the only group whose poverty might be prevented by lower rents, although low rents do provide better work incentives for tenants moving from benefits into work, as their income will rise more substantially once they are no longer dependent on housing benefit.¹

The sub-market nature of social housing means that demand usually outstrips supply, regardless of the precise rent level, meaning that social rents are controlled by regulation rather than market forces.

Reforms to housing benefit, however, have changed this set up. The household benefit cap of £500 for a family has impacted mainly in higher priced areas and on larger families, who can no longer afford rents at the Local Housing Allowance level without making substantial cuts to their living expenses. Finding a low-rent property now makes a big difference to the poverty levels of those affected by the cap.

The Housing Benefit cut for social tenants who under-occupy (the 'bedroom tax') has also had a bigger impact on those in high-rent properties, and has forced landlords to look more closely at the size match between household and dwelling and to consider carefully what their tenants can afford.

In the private sector, the reduction of Local Housing Allowance to the 30th percentile of local rents, restricting the under 35s to the single room rate, and the household benefit cap, have caused landlords to see housing benefit as a less certain income stream, and to potentially see working tenants who can pay the rent in full as more desirable tenants.

The introduction of Universal Credit will bring with it changes to benefit levels, and will also introduce payments to tenants, rather than to their landlords, for the rental component. This has also highlighted the need for landlords to engage with their tenants about what they can afford, and how they will pay for it.

Alongside this, registered providers are having to think through the full implications of lower capital grants linked to them providing new housing via 'affordable' rather than social rents. This is not a significant problem for areas of the country where there is not a major difference between social and market rents. However in high-cost areas raising rents for those on low incomes is a key issue. It is not just that no new housing is being built at social rents, but as a condition of receiving the Capital Grant, and in order to provide the funding for development, substantial numbers of social housing are being converted to Affordable Rents.

Moreover given the increased range of needs which associations face in high-value areas (as private rents increase and home-ownership becomes unaffordable for many) there is some logic in associations looking harder at how far they continue to house principally those in the *most* need, rather than housing larger numbers of people in lower levels of need.

Literature and policy review

This literature review takes as its starting point the recent JRF report *The Links Between Housing and Poverty: An evidence review* (Tunstall *et al.*, 2013). This comprehensive review considers what is meant by poverty and analyses the ways in which poverty and housing interact. It concludes that 'housing costs-induced poverty' has been increasing over the last two decades but that 'good quality, low-cost housing has, at least partly, broken the link between poor housing conditions and poverty in the UK'.

The report identifies that many households, particularly in London, are in poverty after they have paid their housing costs, even though they were not the poorest households before housing costs, and highlights the role of low rents in reducing poverty. It acknowledges the growing role played by the private rented sector in housing poorer households and calls for policy to pay closer attention to links between housing and poverty: 'Efforts to reduce poverty need to consider limiting rent costs, maintaining good housing conditions in all tenures and monitoring the impact of welfare reform cuts'. This focus on the private rented sector is supported by evidence from elsewhere. Taking into account housing costs, Department for Work and Pensions (DWP) data shows that nearly two fifths (39 per cent) of Londoners in poverty live in the private rented sector. Benefit caseload data also shows that the number of households claiming housing benefits in the private rented sector in London increased from 104,000 to 284,000 between 2003 and 2013 (Aldridge *et al.*, 2013).

The JRF report also considers the role of support services provided by landlords in reducing poverty, noting the paucity of evidence in this area and stating that 'there is evidence of positive impacts from individual schemes, although gauging the total impact is difficult' (Tunstall *et al.*, 2013).

Indeed, the existing literature on this particular issue, especially that produced during the last ten years, is scant. Despite the growing importance of housing costs in determining who is in poverty in recent decades, the focus has shifted toward agendas such as social exclusion and tenure residualisation (concerns around concentrations of poverty as the tenure increasingly provides a 'safety net' for those most in need). Understanding the ways housing and poverty interact has been less of a focus. There is, however, a body of research going back a bit further that identifies the key ways in which landlords can help tackle poverty, most of it focused on social landlords.

Explicit anti-poverty strategies

Developing clear and coherent anti-poverty strategies that make an awareness of poverty issues central to core housing activities has been identified as important (New Policy Institute, 2006; Gordon *et al.*, 2002). This can help landlords identify the tenants they wish to focus on, consult on what is needed and draw up a strategy.

In the early 1990s, the Housing Corporation's Innovation and Good Practice (IGP) programme was key to tackling poverty faced by tenants of housing associations. In a review of the IGP projects (New Policy Institute, 2001; New Policy Institute, 2006), it was suggested that anti-poverty work should not be seen as an 'optional extra' but as a fully integrated part of general management and development strategy.

For example, JRHT is one of the most prominent organisations in England with an explicit agenda of 'becoming an anti-poverty landlord'. It has identified the following features of being an anti-poverty landlord:

- working with residents on case-by-case basis;
- promoting financial inclusion and benefits advice;
- ensuring staff pay combats poverty, with a focus on the lowest paid;
- facilitating affordable credit;
- carrying out a 'poverty test' for their own policies.

The importance of ensuring that anti-poverty work is integrated in management and strategy, rather than just an optional extra, has also been emphasised.

As government policy pushes social landlords to adopt a more conventional business outlook, there has been significant debate within the housing association sector about the balance between new commercial aims and the traditional goals of a social landlord, such as addressing poverty and homelessness (Lupton and Lomax, 2013). In particular, it has been suggested that there is an increased need, in the context of new funding regimes, for housing associations to set out their objectives in this area explicitly, given the increased pressure to maximise income from existing tenants and assets to fund development (Mullins, 2011; Lupton and Leach, 2011).

Rent setting

One key element of tackling poverty that landlords can focus on is reducing their tenants' costs, through providing housing at a low rent. Provision of housing at sub-market rents has been found to significantly reduce the effect of income poverty in the

UK (Stephens and van Steen, 2011). This is a particular problem in areas with high property values; one report investigating poverty and inequality in a high rent area of London found that high rents were the 'overriding concern' for many of those in poverty and working with those in poverty, leading to widespread overcrowding (Tower Hamlets Fairness Commission, 2013).

Data on rents can be found in the Statistical Data Returns published by the HCA (www.homesandcommunities.co.uk/news/second-statistical-data-return), while an account of the sector's overall financial performance is produced annually in the Global Accounts of Housing Providers (HCA, 2012).

The impact of Housing Benefit and Local Housing Allowance

The housing benefit system in the UK is designed to cover the rental costs of a range of social and private rented properties, both for those out of work and those in low-paid employment (DWP, 2010). Up to a point, therefore, the rent level itself is of little importance in terms of household finances, although with the move to Universal Credit it may become significant for some low-income employed households (DWP, 2010). However, there are limits on the level of housing benefit paid in certain situations, which means that for *some* households on low incomes their rent level is of substantial importance. In addition, even where full housing benefit is paid, payments may be subject to delays, tenant or administrative errors, and sanctioning; where underlying rents are high, this may result in the tenant rapidly building up arrears or personal debt (Penny *et al.*, 2013). Finally, housing benefit will not usually cover a deposit, which is typically determined by the rent level.

The implications of this are covered separately by tenure in the following sections.

Rents charged by local authorities and housing associations

Social landlords have a limited ability to alter social rents (New Policy Institute, 2006), although they do also have the ability to determine the service charges on certain types of property. The new Affordable Rent product, which allows landlords to charge up to 80 per cent of the market rate of the property has, however, given landlords greater control over rent-setting, albeit within financial constraints. Social landlords will in future be expected to let all new properties using Affordable Rent tenancies, with rents expected to be set at 80 per cent of market value except in special circumstances, in order to qualify for development subsidies from the Homes and Communities Agency (HCA). They will also be expected to re-let a certain proportion of any existing social rented properties as part of the Affordable Rent programme (CLG and HCA, 2011).

However, Affordable Rents will be covered by Housing Benefit payments even if they are higher than the limits set for payments in the private rented sector (CLG and HCA, 2011), and so higher rents should not normally impact directly upon poverty among benefit-dependent tenants, unless their benefits are sanctioned or delayed, in which case arrears could mount up more quickly than with a lower social rent. But Housing Benefit payments for this type of housing are not exempt from the overall household benefits cap on unemployed households, initially set at the median household income of £26,000 (CLG and HCA, 2011). Where an Affordable Rent property is in a particularly high-priced area, and/or larger than average, this may come into play, potentially significantly affecting tenant poverty.

In addition, both social rented and Affordable Rent properties are subject to the under-occupation penalty (CLG and HCA, 2011). Those deemed to have spare bedrooms face reductions in their Housing Benefit as a proportion of their rent. Higher rents mean that this shortfall could be quite large compared with tenants' other sources of income. It is worth noting that the greater potential for arrears also affects the income of landlords, who may find that increased risk levels from greater exposure to arrears and market shocks partially offset the advantage of higher income from rents (Homes and Communities Agency, 2013).

Rents charged by private landlords

Private landlords do not face the same constraints in setting rents, although if they are seeking tenants dependent on Local Housing Allowance (LHA), the rents they charge may be influenced by the maximum LHA rates applying to the area (Crisis Ethical Enterprise and Employment Network, 2011). The reduction of LHA rates from the median to the 30th percentile, and limiting under 35-year-olds to the shared room rate, have both reduced the amount of rent that can be charged within LHA limits. In addition, some larger households will be affected by the overall benefits cap of £26,000, which will limit the LHA available.

The DWP says it hopes that reforms to housing benefit will have the effect of reducing rents in the private sector since it expects landlords to reduce rents in line with reductions in LHA rates (DWP, 2011), though the evidence on this is unclear. If this does not happen and rents remain at levels above the reduced LHA rates, the reforms would be expected to have a negative impact on tenant finances and therefore on levels of poverty.

Developing housing

Increasing the supply of affordable housing is also identified as a method of alleviating poverty through provision of affordable housing to greater numbers of lower income households (Gordon *et al.*, 2002). However, it has been pointed out that efforts to maximise income in order to develop or buy new housing may conversely result in increased financial pressure on existing tenants, or a tendency to avoid helping those households in the most severe poverty due to the expense of doing so (Crisis Ethical Enterprise and Employment Network, 2011). The importance of using stock efficiently in order to maximise people's access to housing has also been emphasised by government (DWP, 2011).

Developing housing is also a long term commitment of funds, which in the context of considerable uncertainty over income for many housing organisations may carry substantial risks (Homes and Communities Agency, 2013).

Wider impacts of landlords' activities on disposable incomes

Direct support with living and moving costs

Social landlords can, however, have a direct impact on their tenants' finances in ways other than reducing the rent of their housing. It has been suggested that landlords should consider helping tenants with moving-in costs by providing things such as floor coverings and white goods (New Policy Institute, 2001) and should ensure a good decorative state and avoid disconnections of utilities (New Policy Institute, 2006). This can be done through direct grant provision, or through negotiating bulk discounts with retailers or providers, and passing on the saving to tenants.

Energy efficiency

Improving the quality of housing occupied by low-income households is also highlighted as a key way to tackle poverty and the consequences of poverty. This can include the provision of home improvement grants to landlords and low-income home-owners (Gordon *et al.*, 2002).

The importance of energy efficiency work, making use of government grants and integrating a focus on affordability with home improvements projects such as boiler replacements has also been emphasised (New Policy Institute, 2006; Gordon *et al.*, 2002). Successive governments have already carried out substantial work in this direction through the decent homes initiative (DCLG, 2006). Most initiatives have been wholly or mostly focused on the social rented sector; local studies focusing on poverty

have found that energy efficiency and consequently fuel poverty are more likely to be problems in the private rented sector due to the poor condition of housing (Sheffield Fairness Commission, 2013).

Recent work on defining fuel poverty has found that when considering income *after* housing costs, more than half (59 per cent) of all households in fuel poverty in the UK are found in rented housing (Moore, 2012). A review of literature from across Europe found that low-income households are often unable to heat (or cool) their homes due to economic constraints. An increased incidence of cold-related health problems among low-income groups was seen even in relatively prosperous EU countries, and could also be tied to specific housing problems such as poor insulation (Braubach and Fairburn, 2010).

Research on tenants' views on different anti-poverty measures that landlords could take concludes that energy efficiency measures enjoyed the most support (Acton Housing Association, undated).

The role of landlords in improving living standards

There is widespread acknowledgement that the quality of life that people experience depends on more than simply their level of income (DWP, 2011). Landlords' actions which make living on a low income easier, or make it easier to increase income (for example through employment) could therefore be considered an important method of tackling poverty and its consequences.

The New Policy Institute, drawing on research by the Housing Corporation (New Policy Institute, 2006) has specifically highlighted the role that social landlords could play in tackling their tenants' poverty. It highlights that half of the tenants of Registered Social Landlords (RSLs) were wholly dependent on benefits, and many others had low incomes and concludes that RSLs are therefore well-placed to focus on poverty. Others agree that landlords are well placed to carry out poverty reduction work beyond their immediate role as a provider of housing, either independently or in partnership with local authorities (Lupton and Leach, 2011; Mullins, 2011).

Helping tenants to access other services: providing advice

The literature highlights the role that housing associations can play as 'gateway' organisations to enable easier access for their tenants to, for example, financial and other services (New Policy Institute, 2006). This can include providing information on

benefits, work and training. The benefits system can be difficult or intimidating to access for some tenants, which may increase the risk of poverty (Penny *et al.*, 2013).

Because of plans to pay housing benefit directly to tenants under Universal Credit, tenants on housing benefit have become more interested in financial advice as the possibility of arrears arises through the prioritising of other spending. Even if motivated partially by financial self-interest on the part of the landlord, this type of support or advice may help combat poverty (Gordon *et al.*, 2002).

Helping tenants to access other services: service provision

The importance of partnership working is also emphasised, for example by working with others on regeneration projects or through employment schemes (New Policy Institute, 2006). This could include prioritising tenants and local people for jobs (New Policy Institute, 2006).

It has also been suggested that landlords should work in partnership with credit unions to help tenants get loans that are not high interest or provided by loan sharks, provide money and/or debt advice, and manage tenants' money so that Housing Benefit payments are automatically held back to pay the rent. Such unions already have a track record in helping clients avoid homelessness (SE London Housing Partnership, 2012).

With deregulation of housing association activities and increasing reliance on third sector organisations for the delivery of public services, it has been suggested that landlords could consider extending their business to cover direct provision of services, either independently or as a sub-contractor to a government body (Lupton and Leach, 2011).

Improving access to market housing

Ensuring that households in poverty have access to the most affordable housing has been highlighted as a key role for organisations which can help get access to schemes such as rent deposit schemes (Gordon *et al.*, 2002). Facilitating access to home-ownership and shared ownership for lower income first time buyers is also an option (Gordon *et al.*, 2002).

Organisations such as local authorities, housing associations and charities working with the homeless may also help disadvantaged households access the private rental market by creating a local letting agency. However, this may be a high risk approach, potentially creating conflicts between the commercial requirement for a lettings agency

to represent the interests of its landlords and, for example, the tenant-centred charitable aims of a housing association (Crisis Ethical Enterprise and Employment Network, 2011).

An alternative approach available to local authorities is to seek to regulate and register landlords to improve the quality of available housing and publicly release information about landlords to prospective tenants, although currently significant obstacles exist to this in national legislation, and in the lack of readily available data (Lucas *et al.*, 2013). In addition, it is debatable how this work would impact on poverty levels. Some have suggested it might be possible to encourage landlords to reduce rents through such schemes (Tower Hamlets Fairness Commission, 2013), and to improve energy efficiency and reduce fuel poverty (Sheffield Fairness Commission, 2013). However, although these changes might be desirable improving low quality housing will tend to increase its rental value; this needs to be taken into account when assessing the impact of these schemes on poverty.

Neighbourhood effects and community cohesion

The potential negative impact of creating concentrations of disadvantaged households has been debated extensively in the literature (Blackaby and Perry, 2007; Blasius *et al.*, 2007). The impacts on residents of these areas in terms of stigma and quality of life are widely recognised, and collectively referred to in the literature as ‘neighbourhood effects’ (Cole *et al.*, 1996). This issue has received significant government attention in efforts to disperse concentrations of disadvantaged households through social initiatives, with social landlords being encouraged to take a leading role (Duncan and Thomas, 2007; Blasius *et al.*, 2007). It might be argued that landlords could reduce this effect by selecting the locations in which they build affordable housing to minimise these concentrations. The issue of what can be done at the development stage in terms of ‘planning out poverty’ has been a focus of a recent report by the Town and Country Planning Association (Ellis and Henderson, 2013), which concludes that the planning system should have a more explicit focus on the requirement to consider the implications for poverty.

However, building affordable housing within concentrations of low-income households is also likely to be cheaper, given the lower land values generally found in these areas, meaning that more affordable homes could be built for the same level of subsidy. In addition, given the new focus of government policy on delivering Affordable Rent tenancies, landlords could potentially reduce rents charged on Affordable Rent properties by developing or buying in areas of low market value, thereby reducing their tenants’ poverty.

The conflict between these factors presents particular difficulties in assessing the impact on tenant poverty of landlord and local authority policies in this area, especially given the difficulty of quantifying neighbourhood effects acknowledged in the literature (Blasius *et al.*, 2007; Galster, 2008). It has also been acknowledged that there may be broader conflicts between efficiency and equity when formulating policies around neighbourhood effects (Galster, 2007).

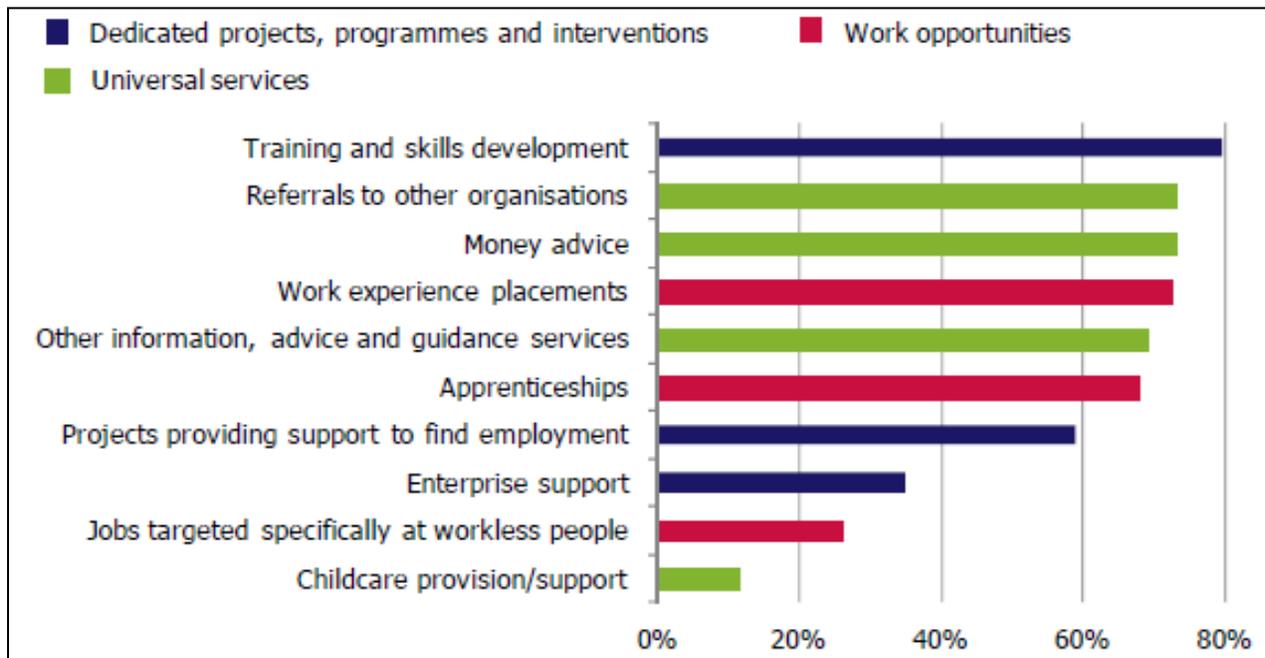
While a diverse community may be an important factor in neighbourhood effects, it is important to remember that simply having a diverse range of household types in an area does not guarantee the creation of a diverse community (Penny *et al.*, 2013). Where landlords are a major presence in an area, they may be able to foster community cohesion (principally understood as meaning cohesion between ethnic communities). Housing associations and local authority housing departments might be particularly well placed to do this with local knowledge, contacts, influence over new development and an existing base of support services (Blackaby and Perry, 2007; Lupton and Leach, 2011). However, although community cohesion may have an impact on poverty it is complex and difficult to quantify (Gaffikin and Morrissey, 2011), and the concept itself is controversial (Ratcliffe, 2012).

Tackling worklessness

The current government's focus has self-reliance (i.e. finding work) at the heart of its strategy. Alleviating poverty by helping people into work has for some time been a key focus of the activities of both local authorities and social landlords. For example, housing providers may be regarded as among the key partners for reducing joblessness (Tower Hamlets Fairness Commission, 2013), alongside organisations more directly involved such as employment agencies, careers services and education providers.

Landlords can help tenants to find work in a variety of ways, depending on the scale of their operations and resources available. For example, they can offer advice and support services to those re-entering the workforce. A recent review of housing providers' activities to help tenants find work identified a range of different types of activities – see Figure 1 (Gardiner and Simmonds, 2012).

Figure 1: Provisions of services to reduce worklessness by housing providers, 2012



Source: Gardiner and Simmonds (2012)

The growing interest among housing associations in social enterprise, motivated in particular by a desire to see more tenants get work, has also been identified by the literature (Richardson, 2012).

One way in which landlords can use their powers to help tenants get work is to focus their allocation policies on those in work. Gardiner and Simmonds found that at least three London boroughs have revised, or are in the process of revising, their strategies around housing and work (Gardiner and Simmonds, 2012). Recent developments identified include:

- offering fixed term tenancies to most new tenants and linking tenancy renewal to behaviour including seeking work, or using it as an opportunity to facilitate access to work or training opportunities;
- imposing upper income and capital limits on new tenants, and on tenants who are renewing their tenancy;
- linking Affordable Rent tenancies for non-working households to support with access to training and employment;
- giving additional priority in allocations to those in work or training, or running specific schemes only for those in work or training.

It is normally assumed, however, that housing and income benefits should be targeted toward those in the greatest need on the grounds of fairness (Sheffield Fairness Commission, 2013). A strategy of prioritising employed households would clearly run counter to this, given that not everyone affected would be expected to find work as a result of this additional deterrent. Concern has been raised that altering allocations in this way is likely to disadvantage some of the most vulnerable groups, unless they are able to find work (Clarke, 2013).

Housing market analysis

The purpose of this analysis is to help understand the different types of housing markets in relation to rented housing and poverty. This will help identify where we might expect to find different kinds of focus on poverty within the strategies and business documents of housing organisations.

The intention was to establish a broad typology of areas, using a cluster analysis from which we can choose a broadly representative sample of areas for detailed analysis in the next stage of the research. The typology developed here will also be drawn on later to statistically analyse the findings from the review of strategy and business plans to explore variation between organisations operating in different types of housing market.

Housing markets can be analysed at many different geographical levels, which differ between tenures and types of property. This analysis focuses on the local authority level where most data is available. Social housing markets function very much at the local authority level because of the way in which social housing is allocated.

The clusters identified contain housing markets which may still differ from each other in terms of some key factors such as market rents. However the nature of cluster analysis means that the authorities within each cluster do share more in common with each other – in respect to the variables analysed – than with the local authorities in the other clusters.

Methods

Cluster analysis involves grouping a set of objects in such a way that objects in the same group (or cluster) are more similar to each other – in relation to pre-defined variables – than they are to those in other clusters. In this context, it is local authorities that are the objects of interest, and a variety of measures of housing market circumstances are the variables.

Table 1 shows the variables that have been used in the cluster analysis, dates and data sources.

Table 1: Variables used in the cluster analysis

Variables	Definition	Observation period	Source
Homelessness	Households in temporary accommodation per 1,000 households	4Q average to Q1 2013	DCLG

Housing pressure	2 bedrooms monthly rents; median (£)	12 months to 31 st March 2013	VOA
HMOs	Persons in shared dwelling as % of all residents	2011	Census
People on benefits	Working-aged recipients of any benefit as % of resident population aged 16–64 estimates	4Q average to Q1 2013	DWP via NOMIS
Income levels	Median weekly gross pay (residential base; £)	2012	ASHE via NOMIS
Proportion rented	Households who do not own their home (or part of it) as % of all households	2011	Census
Proportion social rented	Social dwellings as % of all dwellings	1st April 2013 for the numerator; 2012/13 for the denominator	Local authority housing statistics returns (DCLG)
Stock condition	Dwellings with Category 1 hazards (HHSRS) as % of all dwellings	as at 1st April 2011	HSSA
Poverty within the PRS	PRS households whose HRP are a part-time worker/student/unemployed/inactive as % of all PRS households	2011	Census
Ill-health and disability	Residents whose day-to-day activities are limited by ill health or disability as % of all residents	2011	Census
Crime rates	Notifiable offence counts per population	Offences: 12 months to March 2011; population: 2011 Census	Home Office via neighbourhood statistics
Lacking qualifications	Residents (aged 16 or over) with no qualifications as % of 16+ residents	2011	Census
Overcrowding	Households whose occupancy rating (bedrooms) is -1 or less as % of HHs	2011	Census
One-person households	One person households as % of all households	2011	Census
Lone-parent households	Lone parent households as % of all households	2011	Census
Multi-adult households	Multi-adult, student and 'other' household types as % of all households	2011	Census
Young households	25–34 HRP as % of all HRPs	2011	Census
Change in economic situation in last ten years	Working-aged recipients of any benefit as % of resident population aged 16–64 estimates	Over the decade to Q1 2013	DWP via NOMIS
Urban-rural	Population density (per ha)	2011	Census and NOMIS
Ethnicity	Residents not in the category of 'White: English/Welsh/Scottish/Northern Irish/British' as % of all usual residents	2011	Census

Notes

1. Rents for two-bedroom properties have been used because the Valuation Office Agency's private rental data contains a larger sample size of two-bedroom properties than any other size. Rents for two-bedroom properties correlate very strongly with rents for any other size of property.
2. The Isles of Scilly were removed from the analysis due to small size and missing data for some elements.

3. Population density has been used as a measure of rurality (rather than the often-used DEFRA classifications) because it is a continuous variable and avoids truncating the urban LAs).
4. Variables in a cluster analysis should be independent – they should not be strongly correlated with each other. Where two variables of interest are strongly correlated, only one has been used. For example, market rents are strongly correlated with house prices, but only rents have been used in the model. The proportion of student housing has also been removed for this reason.
5. The IMD is a composite measure that correlates with the proportion of benefit recipients. It was therefore not used as a variable in its own right.

One key factor in housing market analysis is rent levels. More than any other factor, these shape the form of the housing market. The medium rents for two-bedroom properties are therefore shown in Annex A. This data, along with the results of the cluster analysis, will also be drawn on in selecting a range of case study areas.

Cluster analysis results

The cluster analysis sought to identify around five to ten distinct clusters. This was in order to provide sufficient disaggregation but also sufficiently sized groups for later analysis. Within this range, the analysis identified six distinct groupings of local authorities, as the minimum necessary to avoid one very large cluster. Table 2 shows the six clusters.

Table 2: Local authorities in the six clusters

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6
Adur	Basildon	Ashford	Ashfield	Barking and Dagenham	Brent
Allerdale	Bath and NE	Aylesbury Vale	Barnsley	Barnet	Camden
Amber Valley	Somerset	Basingstoke and Deane	Barrow-in-Furness	Birmingham	City of London
Arun	Bedford	Bracknell Forest	Blackburn with Darwen	Bournemouth	Hackney
Babergh	Bexley	Braintree	Blackpool	Brighton and Hove	Hammersmith and Fulham
Bassetlaw	Boston	Brentwood	Bolsover	Bristol	Haringey
Blaby	Breckland	Bromley	Bolton	Cambridge	Islington
Broadland	Cannock Chase	Central Bedfordshire	Bradford	Croydon	Kensington and Chelsea
Bromsgrove	Canterbury	Chelmsford	Burnley	Ealing	Lambeth
Broxbourne	Carlisle	Cherwell	Chesterfield	Enfield	Newham
Broxtowe	Charnwood	Chiltern	County Durham	Greenwich	Southwark
Bury	Cheltenham	Dacorum	Doncaster	Harrow	Tower Hamlets
Castle Point	Colchester	Daventry	E Lindsey	Hillingdon	Wandsworth
Cheshire East	Corby	E Cambs	Gateshead	Hounslow	Westminster
Cheshire West and Chester	Coventry	E Hamp	Great Yarmouth	Kingston upon Thames	
Chichester	Crawley	E Herts	Halton	Leicester	
Chorley	Dartford	E Northamptonshire	Hartlepool	Lewisham	
Christchurch	Derby	Eastleigh	Hastings	Luton	
Copeland	Dudley	Elmbridge	Hyndburn	Manchester	
Cornwall	Eastbourne	Epping Forest	Kingston upon Hull	Merton	
Cotswold	Exeter	Epsom and Ewell	Knowsley	Newcastle upon	
Craven	Fenland				
Darlington	Forest Heath				

Derbyshire Dales	Gloucester	Fareham	Liverpool	Tyne	
Dover	Gosport	Guildford	Mansfield	Norwich	
E Devon	Gravesham	Harborough	Middlesbrough	Nottingham	
E Dorset	Harlow	Hart	N Tyneside	Oxford	
E Riding of	Havant	Hertsmere	Oldham	Portsmouth	
Yorkshire	Havering	Horsham	Pendle	Reading	
E Staffordshire	Ipswich	Huntingdonshire	Redcar and	Redbridge	
Eden	Kettering	Maidstone	Cleveland	Richmond upon	
Erewash	King's Lynn and	Melton	Rochdale	Thames	
Forest of Dean	W Norfolk	Mid Sussex	Rotherham	Slough	
Fylde	Kirklees	Mole Valley	Salford	Southampton	
Gedling	Lancaster	N Hertfordshire	Sandwell	Sutton	
Hambleton	Leeds	Reigate and	Sefton	Waltham Forest	
Harrogate	Lincoln	Banstead	S Tyneside	Watford	
Herefordshire	Medway	Rugby	St Helens		
High Peak	Milton Keynes	Runnymede	Stockton-on-		
Hinckley and	NE Lincolnshire	Rutland	Tees		
Bosworth	N Lincolnshire	Sevenoaks	Stoke-on-Trent		
Isle of Wight	Northampton	Solihull	Sunderland		
Isles of Scilly	Nuneaton and	S Bucks	Tameside		
Lewes	Bedworth	S Cambs	Tendring		
Lichfield	Peterborough	S Gloucestershire	Thanet		
Maldon	Plymouth	S Kesteven	Torbay		
Malvern Hills	Preston	S Northampton-	Wakefield		
Mendip	Redditch	shire	Walsall		
Mid Devon	Rushmoor	S Oxfordshire	Wigan		
Mid Suffolk	Scarborough	Spelthorne	Wirral		
New Forest	Sheffield	St Albans	Wolverhampton		
Newark and	S Holland	St Edmundsbury			
Sherwood	Southend-on-	Surrey Heath			
Newcastle-under-	Sea	Tandridge			
Lyme	Stevenage	Test Valley			
N Devon	Swale	Three Rivers			
N Dorset	Swindon	Tonbridge and			
NE Derbyshire	Tamworth	Malling			
N Kesteven	Telford and	Trafford			
N Norfolk	Wrekin	Tunbridge Wells			
N Somerset	Thurrock	Uttlesford			
N Warwickshire	Warwick	Vale of White			
NW Leicestershire	Wellingborough	Horse			
Northumberland	Welwyn Hatfield	Waverley			
Oadby and	Worcester	W Berkshire			
Wigston	Worthing	W Oxfordshire			
Poole	York	Wiltshire			
Purbeck		Winchester			
Ribble Valley		Windsor and			
Richmondshire		Maidenhead			
Rochford		Woking			
Rossendale		(borough)			
Rother		Wokingham			
Rushcliffe		Wycombe			
Ryedale					
Sedgemoor					
Selby					
Shepway					
Shropshire					

S Derbyshire					
S Hams					
S Lakeland					
S Norfolk					
S Ribble					
S Somerset					
S Staffordshire					
Stafford					
Staffordshire					
Moorlands					
Stockport					
Stratford-on-Avon					
Stroud					
Suffolk Coastal					
Taunton Deane					
Teignbridge					
Tewkesbury					
Torridge					
Warrington					
Waveney					
Wealden					
W Devon					
W Dorset					
W Lancashire					
W Lindsey					
W Somerset					
Weymouth and Portland					
Wychavon					
Wyre					
Wyre Forest					

The clusters differ in size according to the number of local authorities sharing similar characteristics.

Description of the clusters

Correlated variables (such as house prices and rents), although not included in producing the cluster analysis, have been included in the descriptive statistics examined to give the fullest possible picture of the different types of areas. The region was not used as an independent variable in the analysis, but has nevertheless emerged as a strong factor that associates the local authorities in several of the clusters.

Cluster 1: 'Home-owners in the countryside'

This is the most rural of all the clusters with a population density of 4.1 persons per hectare on average. It is also identified by having high rates of owner-occupation and low proportions of people on benefits. There are also low proportions of single parents,

non-white populations, young people and student households. Crime rates are low. The population is older than in other clusters with the highest proportion of over 65s.

Incomes levels are typically somewhat below average and house prices and rents are also relatively low. Rates of homelessness and overcrowding are both low on average, though the proportion of non-decent housing is higher here than elsewhere. Local authorities in this cluster are spread throughout England though none are in or near London.

Cluster 2: 'The squeezed middle'

The local authorities in this cluster are close to average on many of the variables in the model. Local authorities that include new towns planned and developed as a new town last century are often found in the cluster (such as Milton Keynes, Telford and Welwyn Hatfield). A large proportion of this cluster is in the Midlands though, as with Cluster 1, they are spread across all parts of England.

As with Cluster 1, these areas generally have relatively low incomes and house prices. One particular feature of this cluster, however, is the growth in benefit rates over the past decade. This is higher than in any other cluster, suggesting these areas may be struggling with the impact of the recession more than other areas, or experiencing an inflow of poorer households.

Cluster 3: 'The affluent south east'

Although not exclusively in the south, the majority of local authorities in this cluster are in the south east or east of England. This cluster has a predominately older population than average with low levels of students, shared housing or lone-parent households. House prices, rents and incomes are all a little higher than average. Owner-occupation rates are high and the proportion of private rented housing is particularly low. Poverty in the private rented sector is low with a small proportion of private rented tenants not in full-time work, suggesting that the private rented sector that does exist predominately caters for the middle or upper end of the market. Claimant rates, crime rates and the proportion of people lacking qualifications are all low.

Cluster 4: 'Industrial towns'

Local authorities in this cluster are predominately industrial or ex-industrial towns in the north of England.

House prices and rents are substantially lower than average, and wages are also low in most of these areas. Despite the relatively large size of the social housing stock, many economically vulnerable people still depend on the private sector in this cluster. However homelessness and levels of shared housing are low, suggesting that overall housing supply and demand are reasonably balanced in these areas.

Claimant rates are high, as is the proportion of the population with illness and disability and with a lack of qualifications.

Cluster 5: 'Pressured city housing markets'

This cluster comprises most of outer London and also many major cities including Manchester, Birmingham, Bristol and Newcastle, as well as the university-focused cities of Oxford, Cambridge, Brighton, and Southampton.

The proportion of rented housing is high in these areas, both for social and private rented housing. Income levels are overall average, but rents and house prices are mostly well above average. The pressure on housing is reflected in high rates of homeless, Houses in Multiple Occupation (HMOs) and overcrowding. The population is on average younger than in other areas with particularly high numbers of students. The proportion of non-white people is also often high in these areas.

Cluster 6: 'Inner London'

This cluster differs from the others on many variables. It comprises most of the inner London authorities with a few outer London areas. No local authorities in any other region are found in this cluster.

These areas contain a young population with low proportions of retired people and less than 40 per cent of the population from the White British ethnic group. People in these areas are less likely to lack qualifications or to have limiting illnesses or disabilities than in other areas.

Single person households are common here, as are multi-adult households, HMOs, shared housing, lone parents and student households.

Incomes in this cluster are higher than elsewhere, but rents and house prices are significantly higher still. Rates of homelessness and overcrowding are much higher than the other five clusters. Poorer households are predominately found in the social rented sector; the private rented sector, though large in size, houses a smaller proportion of

vulnerable households than elsewhere. This suggests that there is a considerable high-end private rented market in these most of these areas. The rate of non-decent dwellings is low.

This cluster is also notable for the change it has seen in the last ten years. Whereas claimant rates have risen overall in each of the other clusters, in this one they have fallen. This suggests that either central London has not suffered job losses seen elsewhere during the recession, or that benefit-dependent people have moved away from central London.

The figures below depict some of the particular features of each cluster.

Figure 2: Cluster 1 features

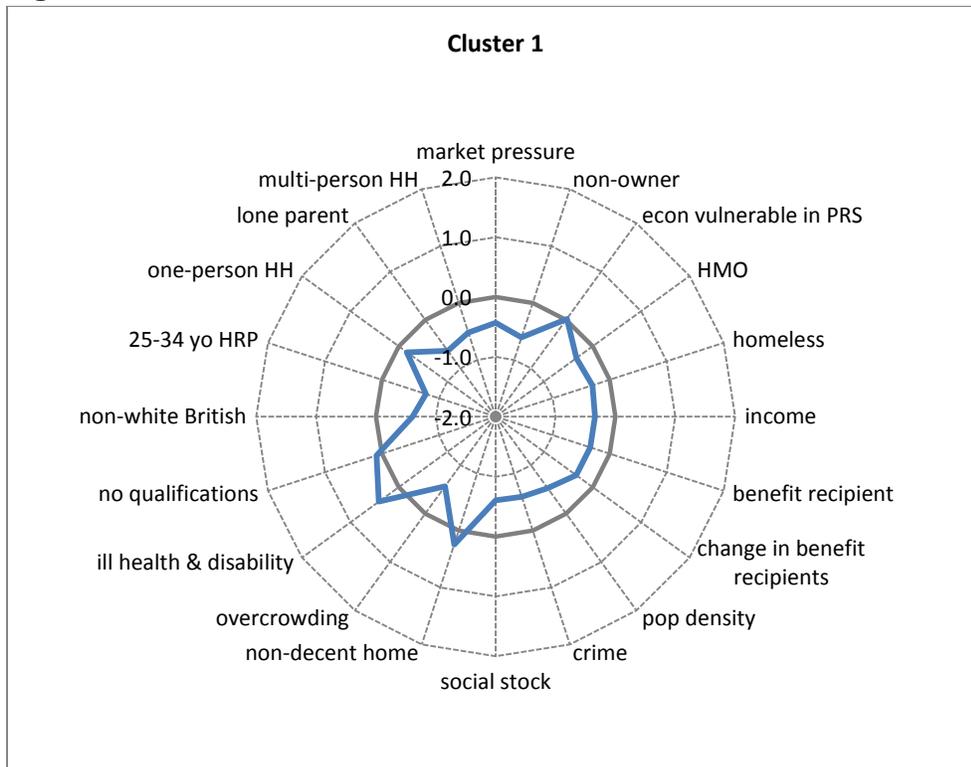


Figure 3: Cluster 2 features

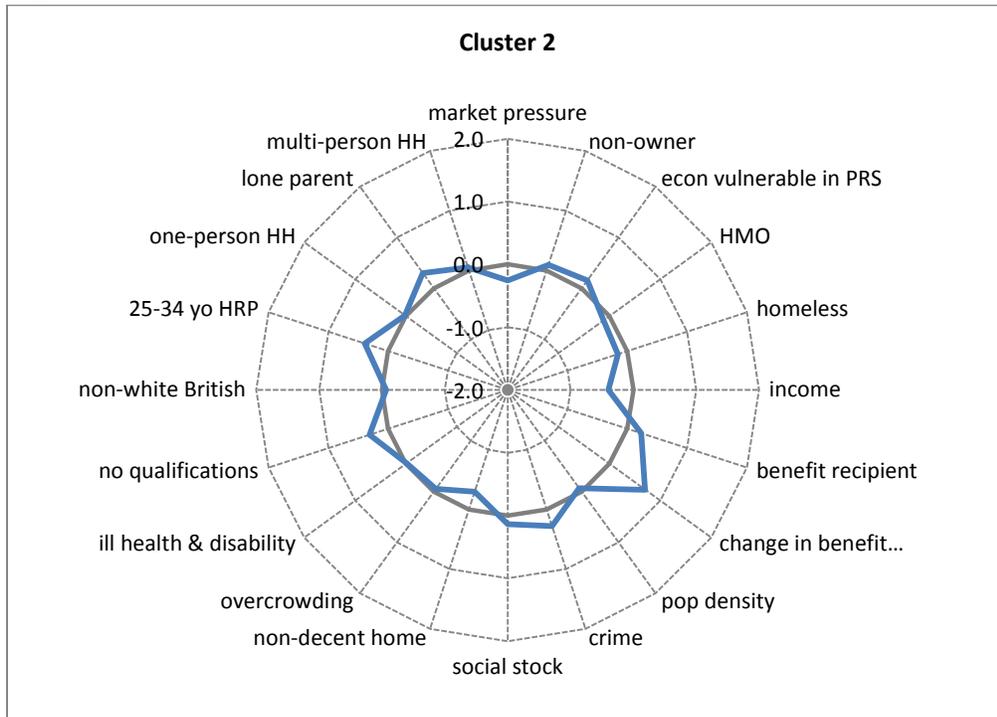


Figure 4: Cluster 3 features

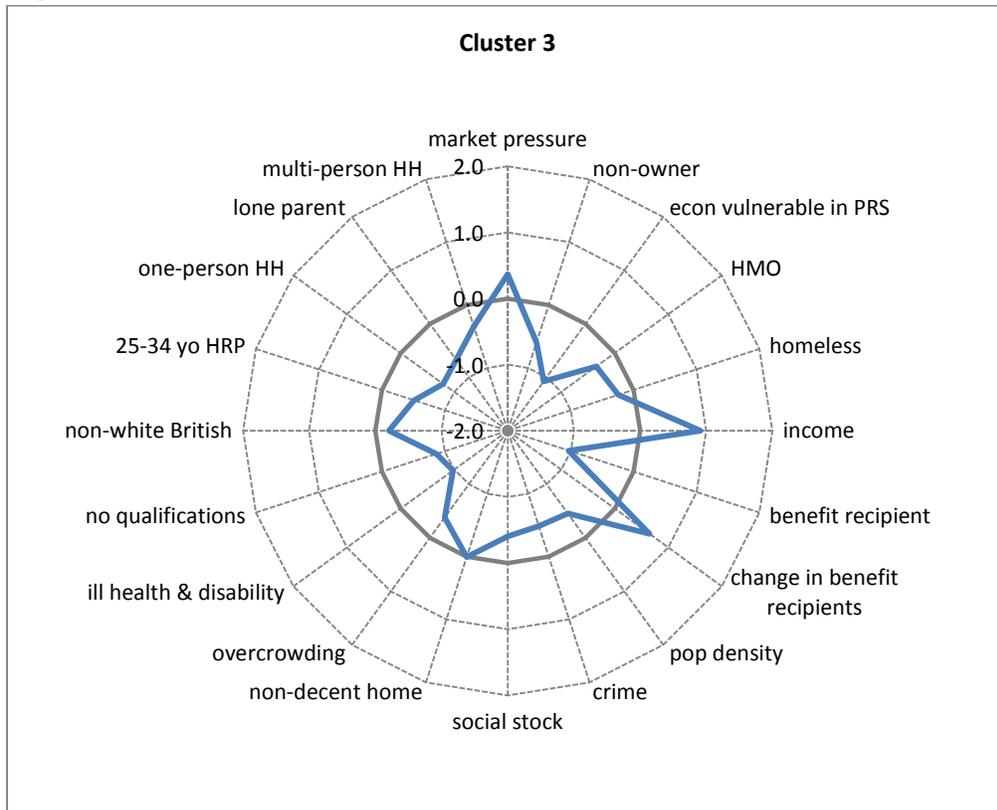


Figure 5: Cluster 4 features

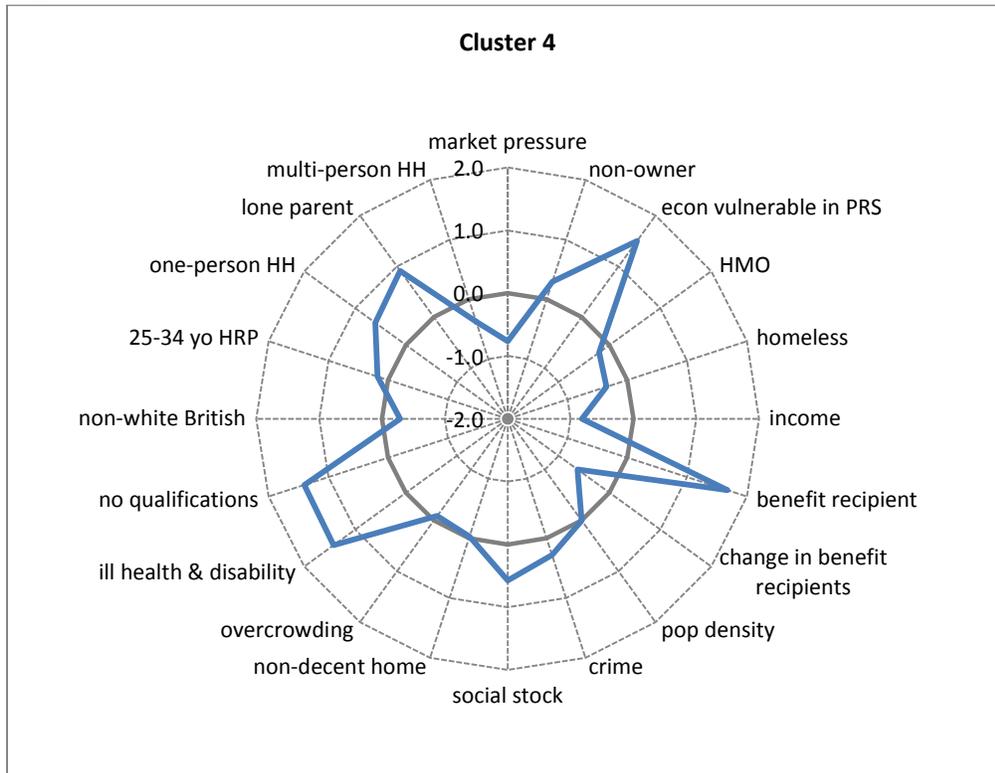


Figure 6: Cluster 5 features

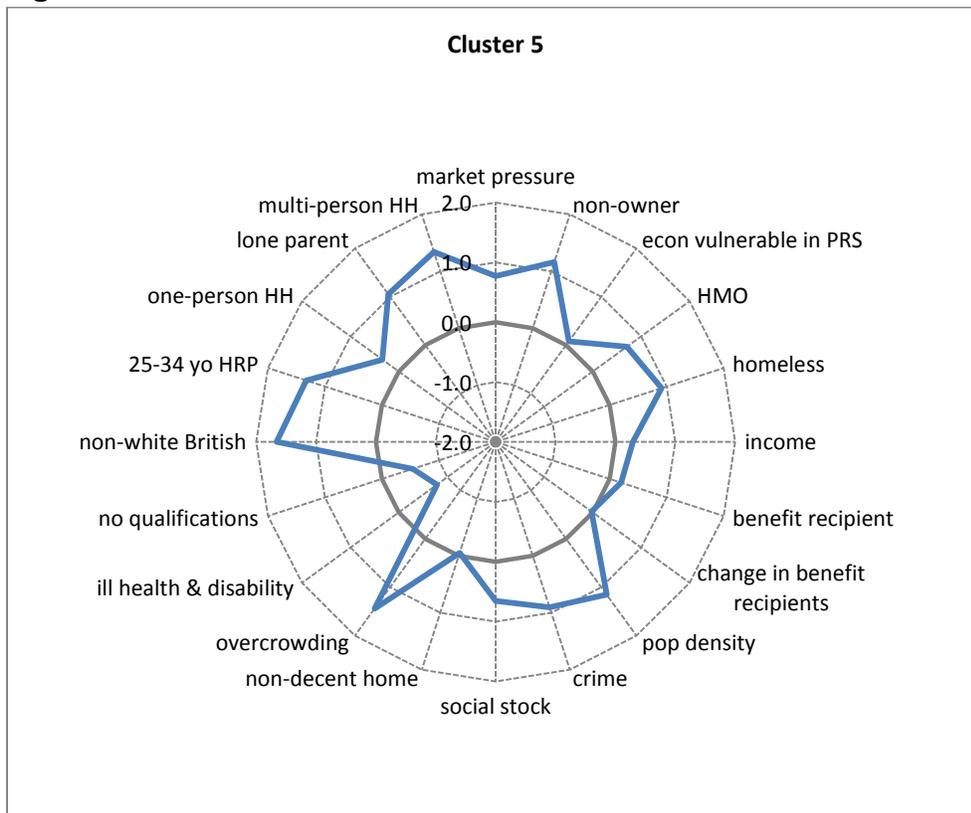
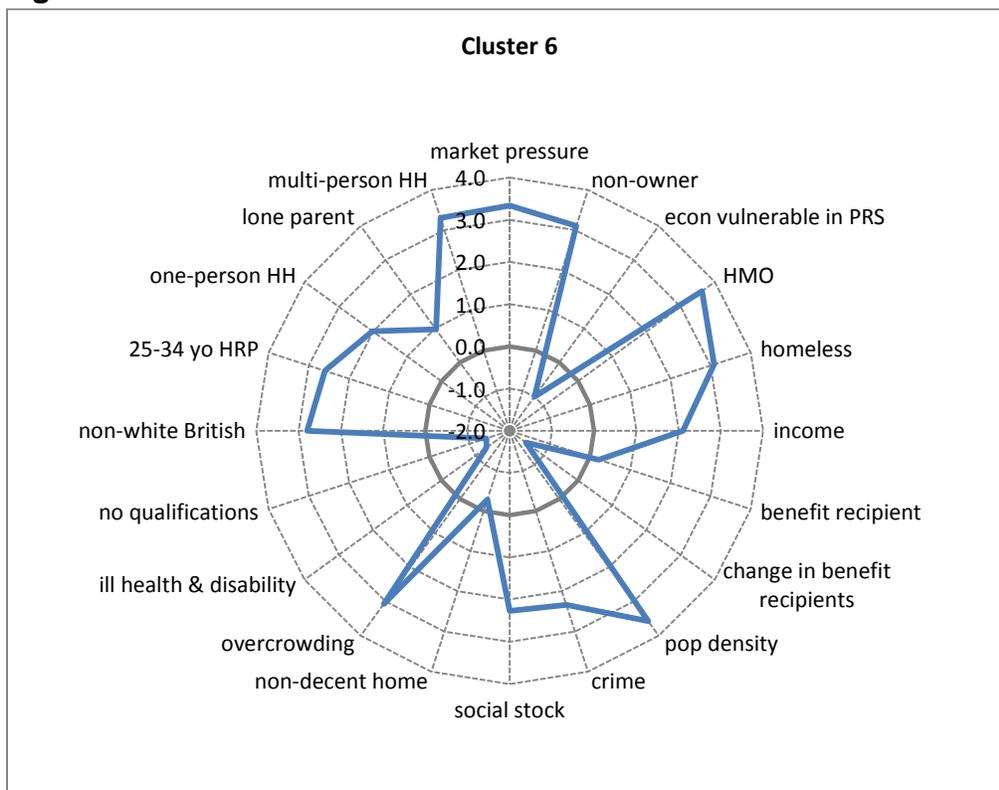


Figure 7: Cluster 6 features



This analysis has highlighted six distinctive groupings of local authorities, based on their housing market characteristics. This is a useful way to help think about the different types of housing market throughout England, notwithstanding the fact that housing markets in fact run across local authority boundaries, especially for private housing. They may also operate differently within local authorities, especially for large or rural authorities.

Development of a framework for analysis

Types of strategy document

There are many different types of strategy document produced by housing organisations. Some are produced just by one category of organisation (housing authorities, local authorities, letting agents and private landlords), but most are produced by several categories.

Some types of strategy are produced by each organisation in a similar form and with similar content. Local authority allocation policies, for example, follow a standard format.

Others, however, differ between organisations, and some organisations refer to the same activity in more than one document. For example, Family Mosaic’s work in helping tenants get jobs is mentioned in their annual report, their *Health and Wellbeing Manifesto*, their financial inclusion strategy and in the corporate brochure. There is therefore an unclear relationship between the type of strategy and the type of action or policy contained within it.

Table 3 shows the different types of documents found within the nine organisations considered.

Table 3: Types of strategy document

Type of document	Aim
Business plan/strategic plan	Sets out financial situation and priorities – strategic and financial
Annual reports and accounts	Fulfils regulatory requirement Sets out future spending intentions
Web pages	Sets out who they are and what they do Provides information to prospective and future tenants (or landlords)
Corporate brochure	Highlights work and aims of the organisation
Social responsibility report/statement/brochure	Sets out agenda for CSR Ensures customer satisfaction high in order to maximise income/reduce voids
Advice guide/magazine	Gives information to tenants or prospective tenants
Housing strategy	Sets out objectives for housing in LA Sets out plans for how to achieve objectives
Development strategy	Sets out plans for what and where to build new housing
Tenancy strategies	Sets out types of tenancies
Allocations policy	Sets out priorities for allocation and excluded groups
Homelessness strategy	Sets out actions for tackling and preventing homelessness

Anti-poverty strategy	Sets out strategy to reduce poverty or its consequences
Other strategy documents	Sets out strategy to fulfil business and/or social objectives
Arrears policies	Sets out policy for handling arrears
Other specific policies	Sets out organisation's practice on particular issues
Research findings	Helps formulate future strategy Produces material for campaigning
Outcome analysis	Reviews success of specific project

The contents of strategy documents

Within the different types of strategy listed above, seven key themes can be derived.

Table 4 shows the different types of activities contained within the strategies which may impact on poverty or the effects of poverty.

Table 4: Strategy themes

Theme	Possible actions
1. Rent setting	Set low rents
	Reduce rent in response to welfare reform
	Regular reviews to maximise rents
	Maximise income from fees
	Review service charges to increase revenue
2. Core housing management	Action against illegal sub-letting and tenancy fraud
	Allow/encourage tenants to take lodgers
	Improve fuel efficiency of properties
	Improve stock condition and maintenance services
	Measure customer satisfaction and take steps to improve
3. Supporting tenants	Help tenants claim benefits or grants
	Reduce tenants' fuel bills
	Budgeting advice
	Support for decoration or furniture purchase
	Support for food banks or similar crisis support services
	Debt management advice and counselling
	Help tenants take out insurance
	Help unemployed find work
Help unemployed access training and	

	volunteering
	Improve tenants' health and wellbeing
	Joint working with other agencies
	Help tenants set up bank accounts
	Youth work
	Digital inclusion work
4. Housing and homelessness advice and support	Advice to homeless people
	Provision of homeless services
	Working with tenants with /at risk of arrears
	Tenancy support work for households placed with private landlords
5. Developing new housing and managing portfolios	Build more housing at Affordable Rents
	Build more housing at social rents
	Build /encourage the building of more private rented stock
	Build more shared ownership
	Build or redevelop more supported housing
	Maximise conversion of social rent to Affordable Rent on re-let
	Selling off vacant social housing in expensive stock, spending on housing in cheaper areas
	Respond to changes in demand resulting from welfare reforms
	Selling off vacant PRS stock in cheaper areas, buying it in more expensive areas
	Selling off tenanted stock in cheaper areas
	Buy stock for private renting
	Equity release programme for owner-occupiers
	Building new housing to high energy efficiency standards
	Become a registered provider
6. Allocations and lettings	Take nominations from LA
	Prioritise households primarily on basis of need
	Prioritise working households for nominations
	Restrict eligibility to households with strong local connections
	Upper income limit for applicants
	Offer secure tenancies for certain groups

	Provide or facilitate mutual exchange schemes
	Accept tenants on HB
	Aid tenants in finding private rented sector properties at HB rates/agreement between LA and private landlord to supply housing to allocated tenants
7. Wider community work	Grants to other organisations
	Environmental improvements to area

Classifying the relationships between the work of housing organisations and poverty

The content of the strategies can be classified as relating to:

- the impact of *housing circumstances* on poverty;
- the *wider work of housing organisations* on poverty, above and beyond their basic function of providing housing.

In addition, the potential impact on poverty within the strategies can be classified as relating to:

- activities with a potential direct impact on poverty;
- activities with a potential impact on employment and earning potential;
- activities with a potential impact on wider material deprivation and the consequences of poverty.

Taken together, and drawing on Table 4, the activities of housing organisations can therefore be classified into six groups. Table 5 gives examples of the types of work that fall within each of these six groups.

Table 5: Activities of housing organisations

	Housing circumstances	Wider work of housing organisations
Direct impact on poverty	<ul style="list-style-type: none"> • Low rent • Reducing other costs – service charges, fuel, moving in costs • Reducing indirect costs – travel to work or services, childcare • Improving energy efficiency to reduce fuel poverty 	<ul style="list-style-type: none"> • Helping people into work • Helping people maximise their benefit claims • Helping people claim any other money or support in kind to which they are entitled (child support, grants, free school meals, free prescriptions etc) • Helping people budget, shop or choose best energy supplier
Impact on employment	<ul style="list-style-type: none"> • Low rent to provide financial incentive to seek work • Security of tenure to provide stability needed to help people focus on finding work, and to prevent disruption to employment caused by moving house 	<ul style="list-style-type: none"> • Community/youth work to improve future employment opportunities • Improving tenants' health and wellbeing to improve employment prospects
Impact on wider	<ul style="list-style-type: none"> • Stable home with sufficient 	<ul style="list-style-type: none"> • Neighbourhood improvements

material consequences of poverty	space <ul style="list-style-type: none"> • Energy efficiency • Good location providing access to employment, good schools and services • Security of tenure to provide comfort and stability and avoid disruption to social networks caused by moving house • Homelessness prevention/tenancy sustainment activities 	<ul style="list-style-type: none"> • Community/youth work • Tackling anti-social behaviour and crime, improving community cohesion • Improving tenants' health and wellbeing
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Key areas where policies diverge

Several key areas were identified where policies differed between organisations and where clear decisions over priorities had been made. These included:

- nominations to social housing – via the local authority or determined by the landlord?
- allocation of social housing priorities – needs-based or prioritise working applicants?
- development of new social housing – at social rents, Affordable Rents, shared ownership or not at all?
- private landlords accepting tenants on housing benefit – accept them or not?
- the role of a landlord – should it be essentially to provide housing, or is it a much wider role, especially for social landlords, offering wider support to tenants?

In these areas in particular it was clear that housing organisations were making very specific decisions over policy, which could be seen in their strategies and business plans.

Conclusions and next steps

This housing market analysis will be used in the rest of this project in two ways:

- It will be used, with the data on rent levels shown in Annex A, to select 15 local authorities for case study.
- The quantitative data collected from the housing strategies and business plans will be analysed by housing market cluster (among other things). This will help us to understand whether the role of poverty in the strategies of housing organisations differs between organisations active in different types of housing market.

The framework will be further developed during the course of the main part of the analysis of housing organisations' business plans, strategies and documents and in conjunction with our literature review.

Housing associations' poverty reduction activities will be recorded in a database, and classified according to the categories in the framework. We can then generate a thorough overview of housing organisations' activities in the different housing market types identified, and see any differences in involvement in anti-poverty work by organisation type and size.

Key questions to explore further include:

- Are social housing providers moving away from poverty, as a result of increased financial pressure? Is providing a home for poor people still a key objective of organisations?

If so, which ones, and what are the factors that cause this, or prevent it?

What are the consequences for tenants, and what would the alternatives be in terms of:

- rent setting;
- changes to who is housed in each tenure;
- changes to the areas/types of property that the poor are housed in/area effects;
- arrears policies;

- social housing focusing even more on the poorest. Are fixed term tenancies used to evict the better off, or will social landlords seek to avoid housing the poor? If so, where do they end up? Are attempts being made to distinguish between the ‘deserving’ and ‘non-deserving’ poor? And if so, how does this play out in practice?
- Are there tensions between different types of organisations?

Who houses who?

- allocation strategies of HAs and LAs – possible conflict now arising over nominations because welfare reform forces landlords to consider ability to pay;
- increased joint working between LAs and private landlords, though welfare reforms pose challenges to this. The combined result could be that access to PRS for low-income households is entirely mediated by the LA in many areas, meaning that HB-dependent households cannot find landlords independently of the LA.

What kind of housing is built?

- conflict again between HAs and LAs regarding tenure, size and rent-setting;
- longstanding conflicts between private developers and LAs over proportion (and type) of affordable housing required.

During the next stage of the project we will analyse documents from local authorities and landlords in 15 case study areas, including national, regional and local landlords.

In the final stage of the project we will explore further the relationship between strategy and practice by interviewing housing organisation staff.

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End notes

- 1 Tenants who remain eligible for tax credits (especially families) will still see the increase in their income partially offset by reductions in tax credits, but the taper used is less steep than the withdrawal of Housing Benefit. This means that the lower the rent level, the lower the income needed for tenants to no longer require housing benefit and for them to start seeing a greater proportion of their increased income.

Annex 1: Housing market analysis data

Table 1: Data for each cluster

	Cluster 1 (N=103)					Cluster 2 (N=63)					Cluster 3 (N=66)				
	Mean	Median	Std. Deviation	Minimum	Maximum	Mean	Median	Std. Deviation	Minimum	Maximum	Mean	Median	Std. Deviation	Minimum	Maximum
HHs in temp accom per mil	0.5	0.3	0.8	0.0	6.6	1.2	0.7	1.5	0.0	7.1	0.8	0.6	0.7	0.0	5.1
LQ house price (£)	133,866	134,950	29,423	76,500	220,000	120,859	116,500	26,946	72,750	187,250	184,385	185,000	37,332	115,000	270,000
Median monthly private rent (£)	510	495	79	370	775	555	525	112	400	800	714	725	139	450	995
HHs in shared dwelling per mil	0.6	0.4	0.7	0.0	4.7	1.4	0.9	1.3	0.0	5.8	0.6	0.4	0.5	0.0	2.2
Student % of residents	5.3	5.1	1.2	1.1	10.9	7.9	6.2	3.6	4.1	17.2	6.0	5.7	1.4	4.7	12.4
Any benefit recipient % of 16–64-year-old residents	11.3	11.0	2.6	3.3	17.1	13.8	14.1	2.4	8.5	19.2	8.3	8.2	1.6	5.4	12.5
Weekly gross pay	463	461	56	276	648	457	456	48	336	558	596	585	86	407	904
HHs not owned %	27	27	5	17	58	34	33	4	26	44	27	27	3	19	35
Social tenant % of 'not owned'	45	45	8	29	71	49	48	9	33	73	47	47	6	36	63
Social dwelling % of all dwellings	12.2	12.7	3.1	2.3	20.2	17.1	16.7	4.7	6.9	32.1	13.5	13.7	2.6	7.4	21.3
Non-decent dwelling % of all dwellings	14.2	13.3	7.6	3.1	40.3	10.7	9.4	4.9	2.7	25.2	12.7	10.2	7.2	3.7	45.6
Vulnerable HHs in PRS %	38.3	37.7	6.2	16.7	54.2	39.6	38.8	7.3	22.5	56.3	27.1	26.7	4.2	19.7	37.7
People with limitations on daily activity %	19.0	18.8	2.0	14.0	23.8	17.6	17.6	2.0	13.3	22.4	14.5	14.5	1.3	11.9	17.9
People with no qualifications %	22.6	22.5	2.9	14.2	29.9	23.7	23.9	3.8	16.4	32.7	17.8	17.6	2.5	12.9	24.0
Offence counts per pop	0.04	0.04	0.01	0.01	0.07	0.06	0.06	0.01	0.04	0.09	0.04	0.04	0.01	0.03	0.07
Claimant count per EA pop (IMD sub)	3.1	2.9	1.1	0.0	6.9	4.5	4.5	1.2	2.4	8.2	2.3	2.2	0.6	1.4	4.4
HH with occupancy rate -1 or less; % of all HHs	2.3	2.2	0.6	1.2	5.4	3.9	3.7	1.0	2.1	6.1	2.8	2.7	0.8	1.2	4.8
One person HH %	29.1	29.1	2.3	24.2	35.3	29.8	29.2	2.7	25.2	36.2	26.7	26.7	1.7	22.4	31.2
Lone parents with dependent child(ren)%	6.0	5.9	1.1	2.3	9.2	7.9	8.0	1.1	5.5	10.6	5.9	5.8	0.9	4.4	8.1
Multi-person HH %	1.8	1.7	0.4	1.1	3.3	3.1	2.7	1.3	1.5	6.9	2.2	2.1	0.6	1.3	5.1
25–34-year-old HRP	12.0	12.2	2.2	7.0	18.1	18.5	18.3	3.1	12.7	26.4	13.5	13.7	2.1	8.9	17.6
65+ y-year-old HRP	31.9	31.5	3.9	23.9	43.6	25.9	25.3	3.6	18.2	34.5	27.3	26.7	2.3	20.3	33.6

Growth rate of benefit recipients over the decade	6.5	6.4	8.4	-28.6	22.1	17.1	17.3	8.7	-4.3	34.4	16.5	16.5	6.9	1.1	29.1
Population density: persons per hectare	4.1	2.0	5.2	0.2	23.9	15.0	10.3	11.7	1.0	41.6	5.8	3.5	5.5	1.0	22.0
Non-white British %	5.8	4.9	3.5	2.4	29.4	14.7	13.0	7.0	3.5	33.4	12.4	10.4	5.5	5.0	25.1

	Cluster 4 (N=47)					Cluster 5 (N=33)					Cluster 6 (N=14)				
	Mean	Median	Std. Deviation	Minimum	Maximum	Mean	Median	Std. Deviation	Minimum	Maximum	Mean	Median	Std. Deviation	Minimum	Maximum
HHs in temp accom per mil	0.3	0.3	0.3	0.0	2.1	5.6	2.6	5.9	0.3	19.7	14.8	15.2	9.5	1.6	33.0
LQ house price (£)	81,205	79,995	15,953	47,500	124,950	170,386	178,000	52,769	72,000	297,500	289,679	258,625	83,944	175,000	490,000
Median monthly private rent (£)	425	425	43	350	550	817	850	216	475	1,275	1,470	1,390	348	950	2,275
HHs in shared dwelling per mil	1.1	0.6	1.3	0.0	5.3	4.3	3.5	2.9	0.6	13.5	14.8	15.4	7.8	3.5	31.1
Student % of residents	6.6	6.1	1.8	4.3	14.4	12.8	11.7	4.7	6.8	25.9	11.9	11.6	2.8	7.3	18.0
Any benefit recipient % of 16–64-year-old residents	20.1	19.8	2.1	16.5	26.5	13.7	13.7	3.7	6.9	20.8	13.7	14.7	3.3	5.6	17.7
Weekly gross pay	412	411	29	342	474	530	534	97	400	833	723	726	184	438	1143
HHs not owned %	36	35	6	26	53	45	45	7	31	62	65	65	6	53	74
Social tenant % of 'not owned'	54	57	12	25	74	45	45	10	26	64	48	47	10	29	64
Social dwelling % of all dwellings	20.0	21.1	6.3	4.0	32.3	20.6	18.9	7.8	9.2	40.3	31.3	30.7	9.1	18.8	44.5
Non-decent dwelling % of all dwellings	12.4	10.3	5.9	4.9	25.5	12.3	13.6	4.5	4.1	20.4	10.7	9.3	5.4	3.9	23.7
Vulnerable HHs in PRS %	53.3	53.2	5.8	40.9	65.7	38.9	37.6	8.8	20.6	55.4	27.9	26.6	7.2	15.7	43.0
People with limitations on daily activity %	22.2	22.4	1.8	17.3	26.0	15.1	14.6	2.0	11.5	18.8	13.5	13.7	1.2	11.2	15.7
People with no qualifications %	29.2	28.7	2.9	23.4	35.2	19.5	19.1	4.5	10.6	28.6	15.1	15.3	4.2	6.7	20.6
Offence counts per pop	0.06	0.06	0.01	0.03	0.10	0.08	0.08	0.02	0.05	0.10	0.11	0.10	0.07	0.07	0.33
Claimant count per EA pop	7.0	6.6	1.7	4.3	10.9	5.1	4.6	2.1	1.8	10.5	6.0	6.4	2.8	0.0	10.2
HH with occupancy rate -1 or less; % of all HHs	3.8	3.5	1.3	2.0	6.8	8.7	9.1	3.3	3.0	15.6	13.9	13.1	4.6	7.5	25.4
One person HH %	31.9	31.9	2.7	27.8	39.2	30.9	30.6	3.7	22.6	38.2	37.2	34.8	8.0	26.1	56.4
Lone parents with dependent	9.2	9.0	1.3	5.7	13.2	9.4	9.3	2.5	5.0	16.5	9.3	9.5	3.2	2.4	13.0

child(ren)%															
Multi-person HH %	2.2	1.9	0.8	1.3	5.5	6.2	6.2	2.1	2.6	10.3	10.8	11.3	2.3	7.1	14.1
25–34-year-old HRP	17.3	17.3	2.9	10.4	25.1	23.7	23.1	4.1	16.0	33.5	30.7	29.9	4.3	22.7	41.1
65+ year-old HRP	27.1	26.6	3.6	21.9	39.5	20.5	20.6	2.3	15.7	25.8	15.0	14.6	2.4	10.9	18.2
Growth rate of benefit recipients over the decade	3.6	3.2	8.5	- 15.4	22.4	9.7	8.7	7.4	-4.6	24.6	-5.5	-4.8	7.5	- 25.6	4.8
Population density: persons per hectare	16.6	14.3	10.3	0.8	41.7	43.7	43.0	11.0	23.7	78.5	100.9	101.6	29.4	25.5	138.7
Non-white British %	11.1	6.8	9.4	2.4	36.1	43.0	46.9	17.2	15.3	69.6	61.6	60.9	11.5	42.5	83.3

Table 2: Medium monthly rent (£) for two-bedroom properties by local authority

Local authority	Median rent	Median rent as % of England median	Local authority	Median rent	Median rent as % of England median
Burnley	384	67%	Stroud	575	100%
Hyndburn	395	69%	Swindon	575	100%
Kingston upon Hull	395	69%	Taunton Deane	575	100%
Pendle	395	69%	Torbay	575	100%
Barnsley	400	70%	West Somerset	575	100%
Barrow-in-Furness	400	70%	Worcester	575	100%
County Durham	400	70%	North Dorset	578	101%
Stoke-on-Trent	400	70%	Isles of Scilly	583	101%
West Lindsey	424	74%	Leeds	585	102%
Allerdale	425	74%	Wychavon	585	102%
Blackburn with Darwen	425	74%	Cornwall	595	103%
Bolsover	425	74%	South Hams	595	103%
Copeland	425	74%	St Edmundsbury	595	103%
Darlington	425	74%	Tendring	595	103%
Northumberland	425	74%	Tewkesbury	595	103%
Rossendale	425	74%	East Cambridgeshire	600	104%
Wigan	428	74%	Teignbridge	600	104%
Carlisle	430	75%	Forest Heath	620	108%
Staffordshire Moorlands	432	75%	Weymouth and Portland	620	108%
North Lincolnshire	440	77%	Colchester	625	109%
East Lindsey	443	77%	East Devon	625	109%
Ashfield	450	78%	Gosport	625	109%
Bassetlaw	450	78%	Harrogate	625	109%
Bolton	450	78%	Manchester	625	109%
Bradford	450	78%	Rother	625	109%
Calderdale	450	78%	South Northamptonshire	625	109%
Chesterfield	450	78%	Swale	625	109%
Doncaster	450	78%	West Dorset	625	109%
East Riding of Yorkshire	450	78%	Wiltshire	625	109%
Gateshead	450	78%	Medway	630	110%
Hartlepool	450	78%	Braintree	635	110%
Kirklees	450	78%	Central Bedfordshire	635	110%
Mansfield	450	78%	Ashford	650	113%
Newcastle-under-Lyme	450	78%	Luton	650	113%
North East Derbyshire	450	78%	Portsmouth	650	113%
North East Lincolnshire	450	78%	Purbeck	650	113%
Oldham	450	78%	South Gloucestershire	650	113%
Rochdale	450	78%	Southend-on-Sea	650	113%
Rotherham	450	78%	Stratford-on-Avon	650	113%
South Tyneside	450	78%	Trafford	650	113%
St. Helens	450	78%	York	650	113%
Wakefield	455	79%	Maldon	660	115%

Newark and Sherwood	460	80%	Cheltenham	675	117%
Amber Valley	475	83%	Havant	675	117%
Corby	475	83%	Solihull	675	117%
Derby	475	83%	Cotswold	680	118%
East Staffordshire	475	83%	Test Valley	685	119%
Erewash	475	83%	Arun	695	121%
Halton	475	83%	Aylesbury Vale	695	121%
Middlesbrough	475	83%	Eastbourne	695	121%
North Kesteven	475	83%	Exeter	695	121%
North Tyneside	475	83%	Fareham	695	121%
Redcar and Cleveland	475	83%	Maidstone	695	121%
Tameside	475	83%	Milton Keynes	695	121%
Sunderland	478	83%	Poole	695	121%
Lincoln	480	83%	Southampton	695	121%
Nuneaton and Bedworth	490	85%	Bournemouth	700	122%
Scarborough	490	85%	Bristol, City of	700	122%
Bury	495	86%	Christchurch	700	122%
Cannock Chase	495	86%	Eastleigh	700	122%
Charnwood	495	86%	Gravesham	700	122%
Chorley	495	86%	New Forest	700	122%
Eden	495	86%	Warwick	700	122%
Gedling	495	86%	Worthing	700	122%
Great Yarmouth	495	86%	East Dorset	715	124%
Hinckley and Bosworth	495	86%	Cherwell	725	126%
Kettering	495	86%	North Hertfordshire	725	126%
Melton	495	86%	South Cambridgeshire	725	126%
North West Leicestershire	495	86%	Thurrock	725	126%
Ryedale	495	86%	Uttlesford	725	126%
Sandwell	495	86%	Wealden	725	126%
Selby	495	86%	Adur	750	130%
South Derbyshire	495	86%	Basildon	750	130%
Stockton-on-Tees	495	86%	Castle Point	750	130%
Walsall	495	86%	Chelmsford	750	130%
Waveney	495	86%	Chichester	750	130%
Wellingborough	495	86%	Dartford	750	130%
Wirral	495	86%	East Hampshire	750	130%
Wolverhampton	495	86%	Harlow	750	130%
Blackpool	498	87%	Rochford	750	130%
Dudley	498	87%	Stevenage	750	130%
Shropshire	498	87%	Vale of White Horse	750	130%
Breckland	500	87%	West Berkshire	750	130%
Craven	500	87%	Canterbury	765	133%
East Northamptonshire	500	87%	Basingstoke and Deane	775	135%
Fenland	500	87%	Bath and North East Somerset	775	135%
High Peak	500	87%	Tonbridge and Malling	775	135%
Ipswich	500	87%	West Oxfordshire	775	135%
Liverpool	500	87%	Lewes	780	136%
Richmondshire	500	87%	Rushmoor	795	138%

Sheffield	500	87%	Horsham	798	139%
Ribble Valley	505	88%	Mid Sussex	800	139%
Boston	510	89%	Broxbourne	825	143%
Torridge	510	89%	Hart	825	143%
South Holland	520	90%	Reading	825	143%
Telford and Wrekin	520	90%	South Oxfordshire	825	143%
Broxtowe	525	91%	Tunbridge Wells	825	143%
Coventry	525	91%	Bexley	850	148%
Forest of Dean	525	91%	Chiltern	850	148%
Hambleton	525	91%	Crawley	850	148%
King's Lynn and West Norfolk	525	91%	Dacorum	850	148%
Knowsley	525	91%	East Hertfordshire	850	148%
Lancaster	525	91%	Havering	850	148%
Leicester	525	91%	Sevenoaks	850	148%
Mid Suffolk	525	91%	Slough	850	148%
Newcastle upon Tyne	525	91%	Welwyn Hatfield	850	148%
North Norfolk	525	91%	Wycombe	850	148%
North Warwickshire	525	91%	Brentwood	855	149%
Oadby and Wigston	525	91%	Bracknell Forest	863	150%
Peterborough	525	91%	Winchester	865	150%
Preston	525	91%	Barking and Dagenham	888	154%
Rugby	525	91%	Surrey Heath	895	156%
Salford	525	91%	Waverley	895	156%
Sedgemoor	525	91%	Wokingham	895	156%
South Kesteven	525	91%	Epping Forest	900	157%
South Ribble	525	91%	Reigate and Banstead	900	157%
South Staffordshire	525	91%	Tandridge	900	157%
Stafford	525	91%	Cambridge	903	157%
Suffolk Coastal	525	91%	Watford	925	161%
Warrington	525	91%	Croydon	938	163%
Wyre	525	91%	Brighton and Hove	950	165%
Wyre Forest	525	91%	Redbridge	950	165%
South Norfolk	538	94%	Spelthorne	950	165%
Blaby	540	94%	St Albans	950	165%
Rutland	540	94%	Sutton	950	165%
Birmingham	550	96%	Oxford	960	167%
Broadland	550	96%	Bromley	975	170%
Cheshire East	550	96%	Mole Valley	975	170%
Cheshire West and Chester	550	96%	Three Rivers	995	173%
Daventry	550	96%	Hertsmere	997	173%
Derbyshire Dales	550	96%	South Bucks	998	174%
Dover	550	96%	Hillingdon	1,000	174%
Fylde	550	96%	Waltham Forest	1,000	174%
Gloucester	550	96%	Epsom and Ewell	1,038	181%
Harborough	550	96%	Runnymede	1,050	183%
Hastings	550	96%	Windsor and Maidenhead	1,050	183%
Herefordshire, County of	550	96%	Woking	1,050	183%
Huntingdonshire	550	96%	Lewisham	1,051	183%

Isle of Wight	550	96%	Guildford	1,075	187%
North Devon	550	96%	Enfield	1,100	191%
Norwich	550	96%	Greenwich	1,100	191%
Nottingham	550	96%	Harrow	1,100	191%
Redditch	550	96%	Newham	1,100	191%
Rushcliffe	550	96%	Elmbridge	1,150	200%
Sefton	550	96%	Hounslow	1,150	200%
South Somerset	550	96%	Barnet	1,200	209%
Tamworth	550	96%	Kingston upon Thames	1,200	209%
Thanet	550	96%	Ealing	1,250	217%
West Devon	550	96%	Merton	1,250	217%
West Lancashire	550	96%	Brent	1,385	241%
Mid Devon	560	97%	Haringey	1,400	243%
Plymouth	560	97%	Lambeth	1,408	245%
South Lakeland	565	98%	Southwark	1,449	252%
Malvern Hills	570	99%	Richmond upon Thames	1,450	252%
Babergh	575	100%	Hackney	1,517	264%
Bedford	575	100%	Wandsworth	1,523	265%
Bromsgrove	575	100%	Tower Hamlets	1,647	286%
Lichfield	575	100%	Hammersmith and Fulham	1,668	290%
Mendip	575	100%	Islington	1,733	301%
North Somerset	575	100%	Camden	1,907	332%
Northampton	575	100%	City of London	2,044	355%
Shepway	575	100%	Westminster	2,383	414%
Stockport	575	100%	Kensington and Chelsea	2,708	471%

Source: Valuation Office Agency 30th May 2013. Data collected 1.4.12 to 31.3.13

Acronyms

ASHE	Annual Survey of Hours and Earnings
DEFRA	Department for the Environment, Food and Rural Affairs
DWP	Department for Work and Pensions
DCLG	Department for Communities and Local Government
HH	Household
HHSRS	Housing Health and Safety Rating System
HRP	Household Reference Person (the highest earning person in the household)
HMO	House in Multiple Occupation (such as bedsits occupied by unrelated adults)
HSSA	Housing Strategy Statistical Appendix
IMD	Index of Multiple Deprivation
LQ	Lower Quartile
NOMIS	Official Labour Market Statistics
PRS	Private Rented Sector
VOA	Valuation Office Agency

About the authors

The Cambridge Centre for Housing and Planning Research is a research Centre within the Department of Land Economy, University of Cambridge, with over twenty years of undertaking policy-oriented research on all issues affecting housing and land use.

This research was carried out with input from **Savills Housing Consultancy**, providing expertise into business planning, and organisational strategies in both the social and private rented housing sectors.

Anna Clarke is a Senior Research Associate at the Centre Her research interests include housing need, homelessness, demand for social housing and low cost home ownership, and a growing area of work around welfare reform. Her recent work includes a review of youth homelessness for Centrepoin, and an ongoing evaluation of housing benefit reforms for the Department for Work and Pensions.

Sam Morris is an Early Career Researcher, who joined the Centre in 2013 in order to work on this project for the JRF. His research experience includes four years in local housing market research, working on numerous Housing Market Assessments, Housing Needs Surveys and Gypsy and Traveller Accommodation Assessments.

Chihiro Udagawa is a Research Associate. Since 2006 he has provided the Centre with expertise in statistical analysis, data analysis, econometrics and economics.

Peter Williams has been the Director of the Centre from 2011 until the end of 2013. He has had a long career in academia, government and industry and has been Deputy Director General of the Council of Mortgage Lenders and Board Member of the Housing Corporation. His research interests are in housing finance and housing markets, housing policy and housing history.

About the research

This research was commissioned in order to explore where poverty fits within the strategies, policies and business plans of local authorities, housing associations and private landlords. It will involve detailed analysis of business plans, housing and organisational strategies, annual reports, tenancy strategies, allocations and lettings policies etc.

It will also assess the implementation of strategies, policies and business plans, with a view to assessing how far practice converges with, or diverges from, strategy.

This initial report presents the conclusions from the initial set-up stage of the work, including a literature and policy review; housing market analysis, and development of a framework for analysing the strategies and documents of housing organisations.

This paper was commissioned as part of the JRF programme on housing and poverty, which aims to identify effective housing solutions for people living in poverty.

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