



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

A Review of Welsh Social Landlords' approaches to increasing Choice in Letting Accommodation

Research Summary

Introduction

The Assembly Government commissioned this project to provide a review of lettings systems currently in use by social housing landlords in Wales, which are either choice-based or in which choice is an important component part.

The aims of the project were:

- To provide the Assembly Government with an evaluation of how well Choice Based Letting (CBL) pilot schemes operating in Wales are achieving their intended outcomes.
- To use these findings to draw out good practice in relation to CBL schemes, suitable for use by the Assembly Government.

The project methodology had three elements:

1. Telephone interviews were carried out with all local authorities, and with housing associations with a stock of over 150 units, to establish the extent to which existing allocation policies allowed applicants to exercise choice in lettings.
2. Face to face semi structured interviews were held with each of the social landlords operating a lettings scheme with a significant element of choice. As part of this phase, printed material was collected from each landlord, including details of the scheme, application forms, typical advertisements, and bidding forms. The websites of each scheme were also examined, and schemes assessed for the quality and clarity of information provided.
3. Qualitative interviews with a range of customers were carried out by BMRB, in order to understand the reaction of customers to the introduction of CBL schemes. A total of 30 customers were interviewed, ten from each of three schemes. The three schemes were chosen because each had a different approach. Each of the ten interviews for each landlord was split between customers who had bid successfully, customers who had bid but who had been unsuccessful or refused an offer, and customers who were not actively engaged in bidding.

The background to the project

Recent years have seen an increasing emphasis in public services on moving away from a paternalistic distribution of scarce resources in which professionals and ‘experts’ decide upon whom is to get what, towards the empowerment of the consumers of public services to make informed choices about the services which they require.

In social housing, this has created an interest in how the letting of social housing can be more focussed on the needs and aspirations of individual households, and how these might be expressed more effectively in the lettings process.

In Wales, the National Housing Strategy¹ sets out the view of the Welsh Assembly Government on social housing lettings in these terms:

‘An essential element of this aim is the promotion of a customer-centred approach to the allocation of social housing that:

- maximises genuine choice;
- creates settled communities; and
- ensures that a publicly funded resource remains accessible to those who need social housing.’

The Strategy does not prescribe any particular method of letting property, but sets out clear objectives which lettings policies and practices should meet.

However, it is important to bear in mind that whichever approach to lettings is adopted, the number of properties available remains the same. Increasing the ability of applicants to exercise informed choice does not create a single extra letting.

For almost all types of property, in almost all locations, there are more applicants than properties. Social landlords must develop criteria for selecting the most appropriate applicant, or for rationing the availability of property.

In doing so, social landlords themselves must make choices. These choices are limited by the statutory and regulatory framework for allocating property, but there are a number of areas in which social landlords must decide whether or not they wish to exercise their own choice in their selection of applicants.

The findings of this project set out the issues which social landlords would need to take into account in considering how they could best enable applicants to exercise an informed choice in applying for a new home.

¹ *Better Homes for People in Wales: a National Housing Strategy*, The National Assembly for Wales, 2001

The background to the introduction of Choice Based Lettings schemes in Wales

By the end of 2006/07, Choice Based Lettings had become an increasingly significant feature of the social housing sector in Wales. Eleven² local authorities and housing associations were letting the whole of their stock through Choice Based Lettings schemes, and an increasing number of housing associations had become partners in local authority led CBL schemes.

Choice Based Lettings schemes began to be introduced in the late 1990s, in very different housing market conditions than those that exist in 2007/08. In the six years from 1999 to 2005, the price of the average house in the bottom quarter of the market in Wales rose by 135%: but average gross earnings only rose by 27%. As a result, the pressure on the social housing sector has increased sharply. Turnover has slowed, producing fewer relets, a higher proportion of lettings are now going to the homeless, and the proportion of vulnerable people among the homeless has risen significantly.

As a result, the design of CBL schemes has also changed, increasingly moving from time waiting to housing need as the main means of ‘rationing’ the increasingly scarce resource of social housing lettings. Only one of the eleven CBL schemes now relies solely on time waiting.

Designing a lettings scheme: balancing housing need and local connection

In designing housing letting schemes, local authorities are constrained by the complex requirements of current legislation. Although housing associations are not constrained in the same way, it is the policy of the Assembly that applicants for social housing should have a similar opportunity to access both the local authority and housing association sectors.

Broadly, current legislation requires local authorities to accept applications from anyone wishing to apply (wherever they may come from³), and to give ‘reasonable preference’ in letting accommodation to applicants falling into one or more of five prescribed categories (the ‘reasonable preference categories’).

Local authorities may only use the existence of any local connection to distinguish between applicants with a similar degree of housing need. However, ‘reasonable preference’ does not mean ‘overriding preference’. Local authorities may restrict the availability of lettings in certain areas (typically in rural villages) to applicants with some form of local connection, providing that within the local authority’s lettings as a whole, reasonable preference is given to applicants in the prescribed categories.

² Including Swansea CCC, where the local authority had decided to extend the pilot CBL scheme citywide.

³ With certain limited exceptions: see the Main Report for a more detailed account.

Local authorities that have revised their allocations policies to take account of the Homelessness Act 2002 will generally have adopted policies that comply with these requirements, although the Public Service Ombudsman expressed concern in early 2006 that a number of local authorities had not yet revised their policies.

It should be noted that local authorities may only nominate applicants to housing associations in accordance with their allocations policy.

The allocation of social housing has a central role to play in the strategic planning of housing. As well as meeting legal requirements and responding to the needs and preferences of applicants, local authorities need to design their policies to meet strategic objectives, including for instance reducing under-occupation and enabling move-on from temporary accommodation. Housing associations are required to co-operate fully with authorities in meeting these objectives through their own policies, and joint planning of allocation policies and practices will be necessary if this is to be achieved, whether or not any element of choice is offered to applicants.

Improving information: enabling applicants to make informed choices

A key feature of CBL schemes is the improvement in the quality of information given to applicants, thereby increasing their ability to make informed choices about their prospects of rehousing.

A number of landlords have produced maps, showing the number of properties which they own in each area, town or village. Such information is of obvious benefit to applicants, who can see which areas they would have to choose in order to have a reasonable prospect of rehousing. The opposite is also true: applicants can see easily the areas where there are no longer any properties, or where only one or two are left in a village. Supplied with the appropriate information, applicants can make up their own minds on whether they are prepared to compromise the area of their choice in order to increase their likelihood of rehousing.

All CBL schemes operate by advertising vacant properties to applicants, who can then choose to bid for properties in which they are interested. Most schemes advertise all vacant properties to all applicants, but some only supply details of vacant properties for which the applicant is eligible.

Open advertising has the advantage of transparency. This can have a number of results:

- Advertising all vacancies can reduce the suspicion that certain properties are allocated outside the 'rules' of the scheme.
- Enabling applicants to bid for properties for which they are not strictly eligible can reveal hidden demand for previously low demand properties: it is common for

- young single people to bid for bedsits advertised in sheltered housing, showing that demand does exist, even if from a different client group.
- Advertising all vacancies can also show just how few vacancies are actually available: applicants can get a much more realistic picture of their likelihood of rehousing.
 - In some cases⁴, the realisation of just how few vacancies are available in social housing has increased general public support for increasing the provision of affordable housing.

Most CBL schemes employ an increasingly wide range of media to advertise properties and to enable bids to be made. Access to the internet is spreading rapidly among applicants for social housing, and many clearly found this the most convenient means of searching for properties and bidding. At the same time, other applicants clearly favoured a personal visit to the landlord's offices, in some cases valuing the reassurance that their bid had actually been received, and in others valuing the face to face contact and advice that the office could provide.

Landlords obviously need to consider the widest range of media that can produce results with economy.

Enabling vulnerable applicants to exercise choice

Compared to 'traditional' allocation schemes, choice based lettings schemes clearly require an active participation by individual applicants. Rather than waiting for an offer to be made, and then having to decide whether to accept or refuse, an applicant in a CBL scheme must actively examine property advertisements, choose desirable properties, place bids and, if unsuccessful, consider feedback.

While CBL schemes do require a degree of active participation on the part of applicants, this might be regarded as no more than the practical steps which anyone seeking a home, in whatever tenure, would have to undertake. Some advocates of choice have portrayed this contrast as one between an 'active citizenship' model and a model of passivity and welfare dependency.

While CBL schemes require a more active participation, it would be patronising, to assume that whole classes of applicants for social housing are in some way incapable of active participation in choosing their own home. While groups of the population, such as the elderly, or the disabled, might be regarded as being vulnerable within the housing market as a whole, this does not mean that elderly or disabled people are less able to exercise an informed choice about where they wish to live.

In practice, rather than reviewing support systems from scratch, landlords have built upon their existing arrangements for vulnerable applicants, providing information and training

⁴ This has been noted particularly in rural areas in England

for support workers, and providing a range of media to enable applicants to access information. However, no single scheme offers the full range of methods, and no scheme has a consistent approach to advertising the existence of its chosen methods. It is likely that over time a consensus will emerge as to the most effective methods of enabling participation by vulnerable applicants, and landlords need to monitor the accessibility of their scheme to vulnerable applicants. Landlords also need to ensure that refresher training is made available, particularly to respond to staff turnover in support organisations.

Where applicants were receiving support, this appeared to be working well. However, applicants whose situation did not require formal support, but who had mild learning difficulties, or were suffering from conditions such as ME or depression, appeared to find difficulty in engaging with the schemes.

One of the functions of social housing is to make provision for the significant number of applicants who have difficulty in sustaining proactive engagement with services. These applicants will need accessible services which they are able to obtain help with using, and landlords will need to include this in service planning.

An important element in CBL schemes is to allow bids to be made by proxy on behalf of applicants. In some cases, this may amount to no more than accepting bids made by one family member while another is on holiday, but proxy bids may also be made on behalf of vulnerable applicants, either by other family members or by designated support workers. In some cases, if no other formal support is available, it may be appropriate for a member of the landlord's staff to make proxy bids on behalf of a vulnerable applicant. In cases where an applicant may not be able to exercise a rational choice, it may be appropriate for the landlord to select a suitable property, and make a direct offer, in the 'traditional' manner.

Advertising and labelling of vacancies

One of the key features of CBL schemes is the advertising of available vacancies to applicants.

The advertising cycle selected will necessarily be a balance between the number of properties that become available for reletting on average each week, the need to minimise rent loss from void periods, and the costs of administration and advertising. Most schemes have adopted a fortnightly cycle as the best balance between practical administration and the control of void rent loss.

The advertising cycle imposes a fixed discipline upon the void process, and experience suggests that for landlords with above average void turnaround times, this can improve the turnaround time significantly. However, landlords with below average turnaround times can

find that the fixed timescale imposed by advertising cycle can actually increase void periods, a problem encountered by some housing associations.

Property labelling, in other words the description of the property details in the advertisement, together with any restrictions on occupancy, is one of the key elements in any choice based lettings scheme. Property labelling has three functions:

- To provide a factual description of the essential features of the property, such as the number of bedrooms, the type of heating, the floor level for flats, etc.
- To provide information on any general condition of letting, e.g. 'no pets'
- To prescribe, or limit, the types of applicant, and their household, who may bid for a property.

In a CBL scheme, the labelling of the property determines the eligibility of the applicant.

Determining the type of household considered eligible for any property should follow from the landlord's allocations policy. Social landlords may wish to promote a variety of broader social policy objectives through their policies for letting property. In instituting such policies, social landlords need to ensure that the effects of the policies do not inadvertently create unlawful discrimination, and that the cumulative effect of such policies does not prevent them giving 'reasonable preference' to the prescribed categories of applicants.

Bidding, shortlisting and letting

Between them, CBL schemes in Wales employ the full range of methods by which applicants can place bids for the properties of their choice. No one scheme offers all available methods, but most offer a range of methods.

The choice of bidding methods will depend upon the size of the scheme, the resources available to set up and administer more than one method of bidding, and the experience of the landlord in the effectiveness of particular methods.

It is obvious that the technology of personal communication has been transformed over the very recent past, with the rapidly increasing accessibility of the internet, and the spread of mobile telephones. The use of mobile phones, particularly with 'pay as you go' tariffs, has meant that many people who have no fixed address and who are 'sofa surfing' can now access information by phone or text message in a way which would have been difficult until recently.

The use of the internet is clearly spreading rapidly, and many applicants had access to the internet either at home or at work, and felt confident in using the internet to find information and make bids. For some, the anonymity of the internet was a positive attraction. Schemes which had a 'passive' website, on which information on properties

could only be viewed, but which could not be used to make bids, were criticised by applicants as backward and failing to make use of the potential of the internet. It is, of course, important to retain 'traditional' methods for the decreasing number of applicants who are either unfamiliar with, or do not have access to, mobile phones or the internet.

The interviews with applicants showed that while applicants were prepared to use the post to return coupons, many in practice preferred to visit an office. Sometimes this was to ensure that the bid had been delivered, while for others it was simply a matter of convenience. Some applicants clearly felt the need for the advice and assistance, and felt that this was best obtained face to face.

The existence of choice does not eliminate the refusal of offers. Many applicants make multiple bids, and are willing to wait until a preferred property is offered. Most schemes that use a Priority Card require a holder to accept the first suitable property for which they bid successfully. For other applicants, all schemes allow a number of refusals, although only two allow an unlimited number.

Feedback: enabling applicants to modify choices

One of the key pieces of information which applicants need in order to exercise an informed choice in applying for a home is feedback on the outcome of previous bids.

Applicants are obviously interested in questions such as:

- 'What level of points (or bands) is needed to have a good chance of a property in this area?'
- 'How close am I to getting the sort of property that I prefer, or in an area that I prefer?'
- 'If I looked for a different sort of property (such as a flat rather than house), or if I were willing to look in a different area, would my chances of rehousing improve?'

Feedback giving details of the outcome of previous advertisements is the simplest way in which applicants can build up a picture of the local social housing 'market', and of their chances of being rehoused within a reasonable period of time.

Given that there is a shortage of social housing, with demand far exceeding supply in most areas, the answer to this question for applicants with low housing need is likely to be depressing. The simplicity of 'banding' schemes often makes it only too clear that applicants in the lowest, or Bronze, band are only likely to be rehoused if they are eligible for, and willing to accept, undesirable property such as sheltered bedsits.

For applicants in this position, the provision of appropriate housing advice on available housing options in the private sector is likely to provide the only viable route to rehousing.

However, the quality and timeliness of feedback appears to be one of the weakest elements in most CBL schemes. Often feedback is incomplete, with feedback on the lettings outcome for some properties being either delayed for many weeks or omitted altogether. These delays and gaps are not only frustrating for applicants, but also contribute to creating a suspicion that certain properties are not being let in accordance with the rules.

Feedback appears to be the area which requires the greatest improvement in CBL schemes.