



# Housing allocations and the vacancy chain

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# More social homes are going up... but lettings are going down

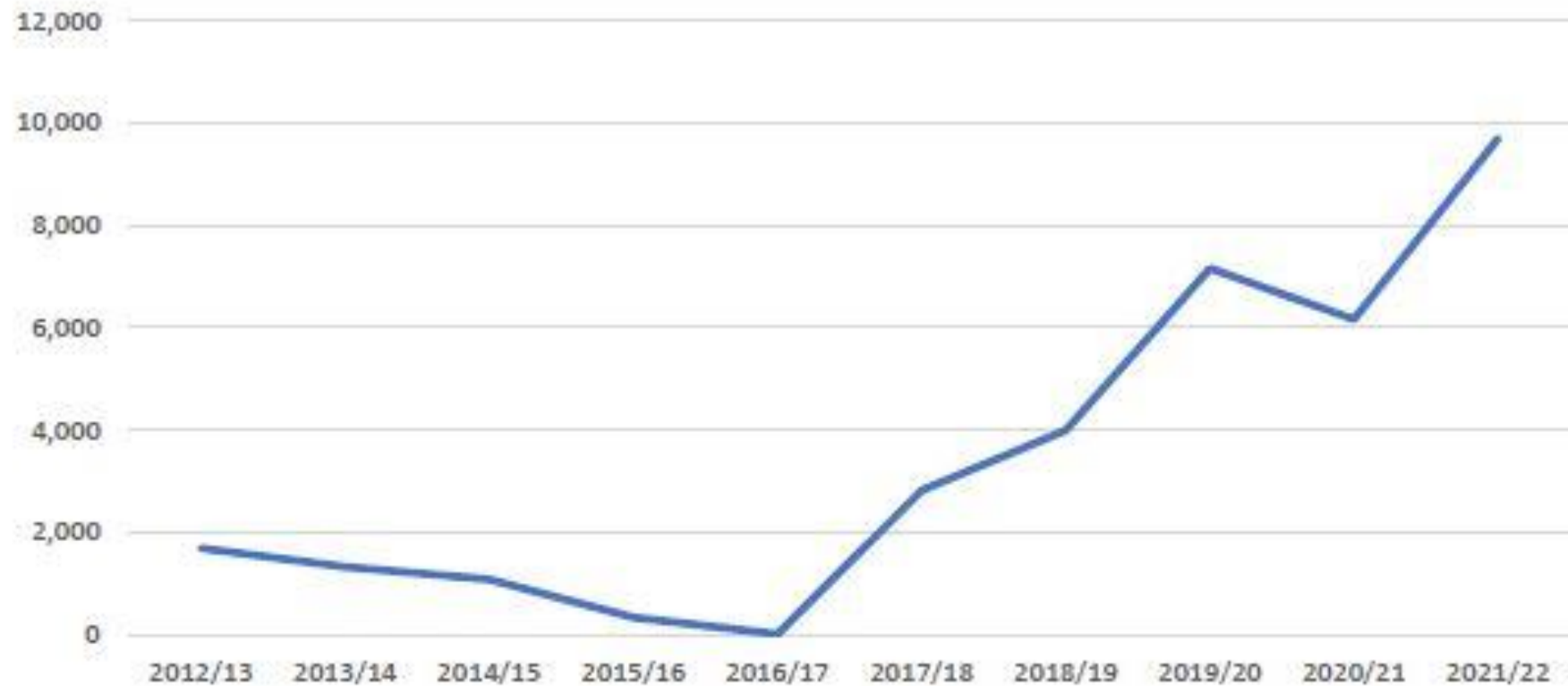
- Social housing starts and completions are increasing.
- Almost every London council is now directly engaged in building social housing, with big contributions from strategic partner RPs.
- So in this context, falling lets is a great concern.

What does this mean?

- Rising need and falling lets means chains matter for improving overall social housing supply.

# Social housing supply is on the up (albeit from a low base)

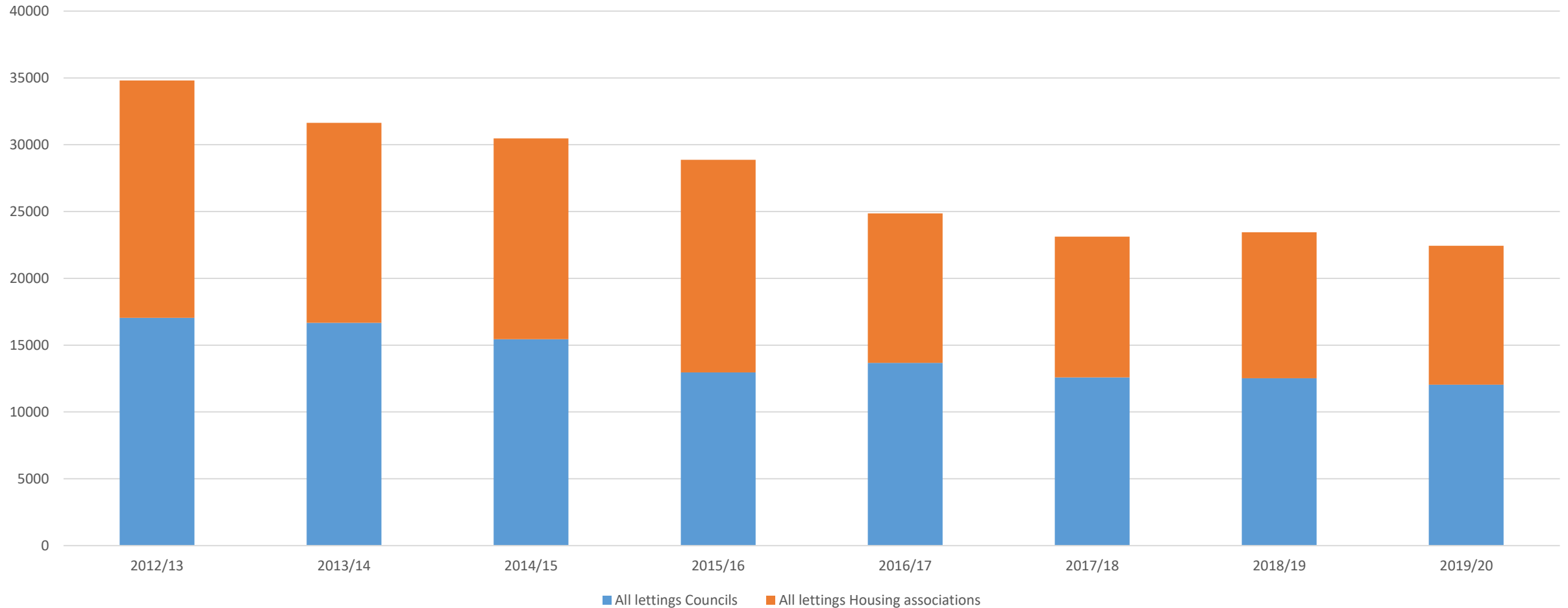
Social rent and London Affordable Rent starts in London 2012/13-2021/22 (delivered with the support of the GLA programmes)



Source: GLA Outturn

# But new supply is not translating and social lets are falling

All London social housing lettings 2012–2020



# We're seeing a collapse in inter-tenure mobility

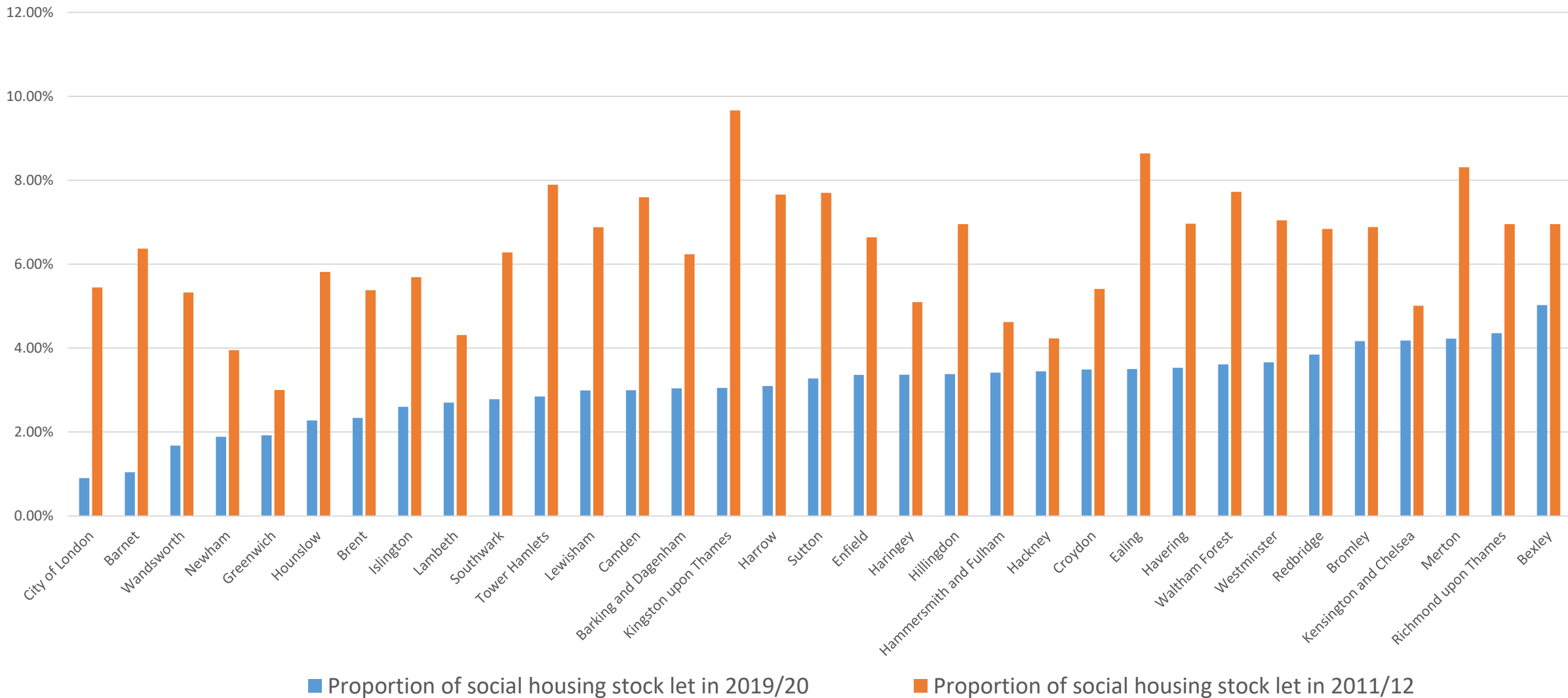
*The lower level of housing churn in London is where the gap between social rent and market rents is highest*



Source: Social Housing Lettings Statistical Release January 2020, MHCLG

# London social tenants are staying put

Collapse in movement through London social housing stock; 2012 vs 2020



# Social housing tenancies: Why so sticky?

- Tenants priced out of other tenures.
- Under-supply of 'chain-making' older people's and family-sized homes: time lag between real-world demand and the bed mix required in SHMAs and planning policy.
- Institutions promoting mobility have been weakened.
- Post-2010 much new supply of many 'affordable' tenancies time limited, less secure and more expensive.
- Only marginally improved investment in council homes since self-financing.
- More vulnerable cohort of new tenants coming into social housing, who are less likely to move.



# Social housing lettings: Why so silty?

- Long periods for void turnaround, and capacity challenges for staff who have other priorities (e.g. repairs).
- Weak mechanisms of accountability for void turnaround.
- Viewings of occupied properties are rare, creating a traffic jam for moves.
- Housing and lettings officers are rarely empowered or incentivised to identify or coordinate potential chains.
- Housing management software packages require costly bolt-ons to easily extract household occupancy study data.
- Lettings software promotes one home at a time.
- Qualification criteria is misapplied (e.g. e.g. restrictions in mutual exchange platforms on downsizing households in rent arrears, restrictions of spare bedrooms, secure tenants only).
- Is there an institutional nervousness about social tenants viewing other social tenants' properties?

# Review of London allocations policies, lettings practices and vacancy chain trackers

- 33 allocations schemes across London distinguishing between degrees of suffering, need and relief while seeking to achieve management objectives, and building cohesive communities.
- Most give priority to under-occupiers, and some distinguishing between degrees of overcrowding.
- Only one council explicitly describes chain lettings.
- Many councils setting lettings quotas or %s of lets for homeless households, sometime attracting legal challenges.
- Tensions exist between high-need and high-cost Temporary Accommodation (TA) households vs other reasonable preference priorities.
- Councils seeking to eliminate TA with high homelessness quotas saw overcrowding numbers rise disproportionately.
- Decentralised decision-making with empowered housing/lettings officers achieved the best chains outcomes.

# Chain making lets vs Chain terminus lets

CHAIN CONTINUING	CHAIN TERMINATING
Internal transfers down-sizing (freeing up additional bedspace for unmet demand).	Homeless households from TA.
Up-sizing by one bedroom, two or more (chain potential reduces as extent of up-sizing increases).	Households-within-households (i.e. adult sons and daughters living with parents), and other sub-households in severely overcrowded homes.
	New tenant to social housing from the private rented sector.
	Decants from blocks due for demolition or invasive building safety works.

# Factors influencing chain length

- High priority and quotas for chain-*terminating* types of housing need, displacing internal transfers and other priority needs.
- General Needs chains not ending with homelessness placement.
- Households-within-households (chain terminus) and suppressed household formation.
- Litigious environment for letting scarce social homes – protected characteristics and reasonable preference households.
- Local vs global lettings schemes.
- Inflexible HMS platforms promoting one home and one household at a time.
- Void turnaround times.

# Case study scheme: Welsford St, Bermondsey

- Ten new council homes, six 4-beds and four 2-beds (one wheel-chair accessible).
- 39 households on waiting list in neighbouring streets and blocks.
- Full data brought up on occupancy, need and home released for households on housing register.

Moving to (housing need)	Moving from (number and type of homes released)
4 bed need releasing a 3 bed	3 3-beds
4 bed need releasing a 2 bed (2 households has a medical need to move and ground floor recommendation)	6 2-beds
There are no stat OC or management transfers in these case	
3 bed need releasing a 3 bed (accessible housing requirement)	1 3-bed
3 bed need releasing a 2 bed	10 2-beds
3 bed need releasing a 1 bed	7 1-bed
The households below can benefit from the households vacating a 2 bedroom home as well as the initial local lettings	
2 bed need releasing a 3 bed (under-occupiers)	3 3-beds
2 bed need releasing a 2 bed (1 medical priority)	2 2-beds
2 bed need releasing a 1 bed	7 1-beds



# Chain simulation #1 – policy priority reducing TA

Absolute homeless priority: all homes let as move on from residents in temporary accommodation

10 homes: 10 lets. (10 Homeless from temporary accommodation rehoused)

## Outcome

- 10 households rehoused
- 10 homeless needs met.
- 0 overcrowded households
- 1 homeless household with additional medical priority benefit.

Chain	ROUND ONE		ROUND TWO		ROUND THREE		ROUND FOUR		ROUND FIVE		ROUND SIX	
#1	4B6P											
	Homeless from TA	PRS										
#2	4B6P											
	Homeless from TA	PRS										
#3	4B6P											
	Homeless from TA	PRS										
#4	4B6P											
	Homeless from TA	PRS										
#5	4B6P											
	Homeless from TA	PRS										
#6	4B6P											
	Homeless from TA	PRS										
#7	2B4P											
	Homeless from TA	PRS										
#8	2B4P											
	Homeless from TA	PRS										
#9	2B4P											
	Homeless from TA	PRS										
#10	2B4P disabled											
	Homeless from TA, Medical priority	PRS										
Total - 10 households												

In simulation 1 all are direct lets. Ten households' housing needs are met with 10 homeless households benefiting. However, no overcrowded households, no welfare emergencies, and only one household who is homeless with additional medical priority benefit.

# Chain simulation #2 – chain-maximising protocol

Simulation 2: Lettings with a chain maximising protocol applied

## Outcome

- 48 households rehoused.
- 22 overcrowded needs met.
- 3 severely overcrowded sub-households.
- 7 under-occupiers.
- 5 homeless households.
- Wider range of medical and welfare needs.

Chain	ROUND ONE		ROUND TWO		ROUND THREE		ROUND FOUR		ROUND FIVE		ROUND SIX	
#1	4B6P		3B5P wheelchair accessible		244P		2B4P		1B2P			
	Over-crowded	3B5P	Accessible requirement	2B4P	Accessible requirement	2B4P	Over-crowded	1B2P	Medical need	N/A		
#2	4B6P		3B4P		1B2P		2B4P		1B2P			
	Over-crowded	3B5P	Statutory Over-crowding	1B2P	Under-occupying	2B4P	Over-crowded	1B2P	Overcrowded sub-household	N/A		
#3	4B6P		3B5P		2B4P		2B4P		1B2P			
	Over-crowded	3B5P	Over-crowded	2B4P	Welfare	2B4P	Over-crowded	1B2P	Single homeless	N/A		
#4	4B6P		3B5P		1B2P							
	Over-crowded	3B5P	Statutory Over-crowding	1B2P	Homeless from TA	N/A						
#5	4B6P		3B5P		2B4P		3B5P		2B4P		1B2P	
	Over-crowded	2B4P	Over-crowded / medical priority	2B4P	Under-occupying	3B5P	Over-crowded / medical priority	2B4P	Overcrowded	1B2P	Over-crowded sub-household	N/A
#6	4B6P		2B4P		2B4P		1B2P		2B4P			
	Medical needs	2B4P	Welfare priority	2B4P	Over-crowded	1B2P	Mutual exchange	2B4P	Mutual exchange	N/A		
#7	2B4P		3B5P		2B4P		3B5P					
	Under-occupying	3B5P	Over-crowded	2B4P	Under-occupying (incentive)	3B5P	Homeless from TA	N/A				
#8	2B4P		3B5P		2B4P		3B5P		2B4P		1B2P	
	Under-occupying	3B5P	Over-crowded	2B4P	Under-occupying	3B5P	Over-crowded	2B4P	Overcrowded	1B2P	Single homeless	N/A
#9	2B4P		3B5P		2B4P		1B2P					
	Under-occupying	3B5P	Over-crowded	2B4P	Over-crowded	1B2P	Homeless from TA	N/A				
#10	2B4P disabled		2B4P		1B2P		2B4P		1B2P			
	Medical priority	2B4P	Over-crowded	1B2P	Under-occupying	2B4P	Over-crowded	1B2P	New to social housing from PRS	N/A		
Total - 48 households												

# Chain #3 – real world tracker at round 3, with local lettings scheme

## Outcome (as of July 2022)

- 20 households rehoused.
- 7 overcrowded needs met (including 3 statutory OC, and 1 from PRS).
- 3 under-occupiers.
- 3 medical needs.
- 1 severe welfare.
- 1 legal disrepair.
- 5 homeless households
- 4 voids pending

Chain	ROUND ONE		ROUND TWO		ROUND THREE	ROUND FOUR	ROUND FIVE	ROUND SIX
#1	4B6P		3B5P					
	Medical needs	3B5P council home	Accepted homeless	No further chain				
#2	4B6P		2B4P		Void pending			
	Overcrowded	2B4P council home	Severe welfare	Void pending				
#3	4B6P		3B5P		2B4P Void pending			
	Medical priority, extra bedroom	3B5P council home	Stat OC	2B4P Void pending				
#4	4B6P		2B4P		Void pending			
	Overcrowded	2B4P council home	Stat OC	Void pending				
#5	4B6P		3B5P					
	Overcrowded	3B5P council home	Severe Medical	No further chain				
#6	4B6P		3B5P					
	Overcrowded	3B5P council home	Accepted homeless	No further chain				
#7	2B4P		3B5P		Void pending			
	Under-occupier	3B5P council home	Property Factors	Major void pending				
#8	2B4P		3B5P					
	Under-occupier	3B5P council home	Accepted homeless	No further chain				
#9	2B4P		3B5P					
	Under-occupier	3B5P council home	Stat OC from PRS	No further chain				
#10	2B4P disabled							
	Accepted homeless	No further chain						



# Chain-maximising approaches across London

- Mutual exchange is falling across all platforms.
- Under-occupier priority in allocations policy..
- Enhanced downsizing incentives and personalised support and navigation are still in infancy.
- There is neighbourhood household occupancy analysis in regeneration schemes

*but not*

- Planning policies and development programmes matching housing types and bedroom mix to create 'churnable' stock.
- Chain-maximising policies include enhanced downsizer support and priority for one-bed-up upsizing, thus maximising vacatable stock.
- Chain-maximising protocols include bringing up needs data within a given bidding pool, and simulating then coordinating chains based on people's choices and preferences.

# Coordinated chain approach

- Household occupancy studies of over- and under-occupation, stock profile and need profile, and modelling bedroom mix in social housing new build programme.
- Relaxing requirements and simplifying processes for down-sizers and bed-stepping up-sizers (e.g. rent arrears restriction for downsizers in mutual exchange platforms).
- Significantly enhanced incentive and personal support/navigation for downsizers.
- **Chain-maximising protocols** for balancing chain coordinating vs priority cases:
  - bringing up data within given bidding pool, showing over- and under-occupiers (including those not on register), and isolating target priority groups, before deciding on desired protocol.

# Local authorities, ALMOs and housing associations with nomination rights need to:

- 1. Adopt Coordinated Chain approaches to letting new and existing social homes:**
  - Chain-maximising protocols balancing chain length and priority needs
  - Establish specialised teams with a broad package of incentives and support, and discretion to ringfence properties and pull in support agencies to assist residents downsizing
  - Survey and workshop under-occupying households on what non-punitive factors would influence them anticipating future support and care needs
  - Gauge what level of financial incentive would be necessary to interest a larger cohort of under-occupying residents to downsize.

## **Local authorities, ALMOs and housing associations with nomination rights need to:**

- 2. Apply broader holistic framing of Return on Investment across both Housing Revenue and General Fund accounts, including:**
  - savings on temporary accommodation costs
  - savings on Social Services costs by joint general fund/housing revenue account funding frames, for specialist and supported homes, homes built, habitable rooms built, households rehoused.

## **Local authorities, ALMOs and housing associations with nomination rights need to:**

- 3. Set corporate targets and collaborative action plans where long-term void levels and void turnaround times are too high.**
  - Report the cost in terms of lost rent, lost council tax, to internal and political financial audits.
  - Form partnerships between councils to augment repairs and refurbishment capacities.
  - Ensure that methods and reporting on voids data are standardised and submitted as a requirement to the Regulator for Social Housing, including detail on the age and type of property.
  - With appropriate safeguards (and incentives) in place, to allow viewings of occupied homes in any non-sensitive housing vacancy, to allow for lettings processes to take place in parallel rather than in sequence.

# DLUCH and GLA need to:

## 1. **Align their funding criteria and evaluation methods by:**

- systematically tracking chains realised from new build social housing (as a funding and data collection requirement), at the next round of affordable homes funding
- reporting bedroom size and housing type in out-turns on affordable homes programme starts and completions
- adding fields for 'size of home vacated' and 'mutual exchanges' to CORE.

## 2. **Better orient grant towards rehousing impact by:**

- incentivising grant-recipient social house builders to base their bedroom mix and housing types around occupancy and needs data
- setting grant tariffs according to habitable rooms rather than 'units'
- offering enhanced grant incentive (based on returning chain tracking data) for maximising rehousing impact *and* chain terminating needs (e.g. new from PRS, sub-households, or homeless) being met, following the completion of the chain.

## The ONS needs to:

- Release untreated occupancy data with from the 2021 Census for any given locality piloting a chain maximising protocol.

## Further research needed

- Extent of involuntary sharing in PRS and social housing.
- Survey with older people on anticipating future needs, assessing extent of support and incentive to achieve a critical mass of downsizing.
- Follow up review of councils and housing associations adopting chain-maximising methods and reforming lettings system.
- Tenants workshops on chain-making and changing housing needs throughout the life course.



# How might chain-maximising approaches apply in your area?

Full report at

[www.smith-institute.org.uk](http://www.smith-institute.org.uk)

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