Choice, lettings and homelessness in the South West
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This project was commissioned by the South West Region of the Housing Corporation, with the support of the South West Regional Housing Board and the South West Branch of the Chartered Institute of Housing, as part of a larger national project commissioned by the Housing Corporation. The report of the national project was published in 2007 as Tackling Homelessness: Efficiencies in Lettings Functions.

The South West region project is focused on the impact of the introduction of choice-based lettings schemes on the rehousing of the homeless and whether the introduction of choice in lettings has assisted or hindered homeless households (or households at risk of becoming homeless) in finding settled accommodation in the social housing sector.

The first section of the report sets out the quantitative background to lettings and homelessness in the South West, and analyses the impact of choice-based lettings schemes on providing homeless households with access to social housing across the region.

The project involved interviews with a number of local authorities across the South West, both those with existing choice-based lettings schemes and those implementing choice-based lettings, and a sample of RSLs operating across the South West. These ranged from smaller associations, primarily operating in one local authority area, stock transfer associations which have taken over the housing stock previously owned by the local authority in an area, and larger RSLs, often with national coverage.

The interviews were semi-structured, allowing interviewees to discuss a wide range of issues in the operation of choice-based lettings schemes, and this has been reflected in the grouping of interviewees’ comments under a range of topic headings in the report.

Thanks are due to all the landlords and their staff who participated in the interviews.

Lettings and homelessness have their own jargon, and a glossary of terms is provided at the end of the report.
Conclusions and recommendations

In the South West, a high proportion of net lettings are to homeless households in priority need. Just over a third of all lettings to new tenants in general needs housing were to homeless households in 2005-06, and just under a quarter of all new lettings in supported housing were also to homeless households.

The lettings figures show clearly that the introduction of a choice-based lettings scheme has a major impact in giving homeless households equal access to housing across all social landlords.

In areas where the local authority has retained its housing stock, ‘traditional’ RSLs are only letting just over one fifth of their properties to the priority homeless. This is only just over half of the proportion of lettings that the local authorities are making to the priority homeless in their own stock. However, in areas in which there is both a stock transfer RSL and a CBL scheme, the proportions of lettings to the priority homeless by both stock transfer RSLs and ‘traditional’ RSLs are almost identical.

Three positive themes emerged clearly from the interviews with both local authorities and RSLs.

The first was the overall positive reaction to choice-based lettings. Landlords saw choice as a positive principle in its own right, and thought the tenants who had chosen where they wished to live contributed to more sustainable communities. There was concern among some landlords that households in low housing need (as conventionally measured) were losing out as lettings policies increasingly emphasise housing need as the primary criteria for rehousing, and the particular case of transfers is discussed below.

The second was the need for adequate support for vulnerable households. This was both at the lettings stage, to enable households to engage positively with the scheme, and to assist them when required to make informed choices, and also at the post-tenancy stage, to support households in establishing and maintaining their tenancies. Landlords were using a variety of methods to support applicants in exercising choice, including support workers, advocate bidding, and (in some cases) automated bidding. Relationships with Supporting People providers were seen as constructive.

The third theme was the need for positive partnership working between landlords in the policy and administration of choice-based lettings schemes. Landlords particularly mentioned the need for dedicated project management when setting up choice-based lettings schemes, and the need for regular meetings of the partnership, as a forum, in order to resolve administrative issues and to make minor policy adjustments to schemes.

Interviewees identified two main issues in allocations/lettings that had emerged with the introduction of CBL schemes. Neither problem was the result of introducing choice into lettings, but both had been highlighted by the review
of allocation policies and practices that occurs alongside the introduction of a CBL scheme.

The first was an apparent difference of practice between local authorities and RSLs in the density of occupation of houses at the time of letting. Some RSLs were more generous in their allocation of space to households, and this was causing some problems in eligibility between the two sectors.

The second was the priority to be given to the rehousing of existing tenants, usually in cases of overcrowding. The problem arises because most housing points, or banding, schemes give weight to insecurity of tenure and homelessness, and lacking or sharing amenities, in addition to other housing needs such as overcrowding. Because existing tenants have security of tenure, and live in self-contained accommodation, they tend to have low points levels, or to fall into low priority bands, which therefore limit their prospects of rehousing in desirable accommodation.

A number of areas were identified by interviewees which represented potential good practice and which are recommended to landlords for consideration:

1. Landlords with small stocks in an individual local authority area should consider the use of 100% nomination rights, or full participation in any CBL scheme, in order not to incur the overhead costs of administering waiting lists in those areas;
2. CBL schemes should aim to allow all partners access to the 'back office' functions of the scheme, ensuring that problems of IT compatibility and security are overcome;
3. CBL schemes, whether using bands or housing need points, should aim to ensure that perverse incentives are not created. For example, schemes should ensure that households assessed as eligible for rehousing in order to prevent homelessness are given equal priority with households that have actually become homeless; and
4. CBL schemes should seek to reach agreement between the partner landlords about the extent of under-occupation at the date of letting that is acceptable, and to achieve a reasonably equitable distribution of occupation density across the social housing stock.
Section one

Choice, lettings and homelessness: the statistical evidence

1. Rehousing the homeless in the South West: the basic numbers

In the South West region, just over a third (34.1%) of all lettings to new tenants in general needs housing were to homeless households, and just under a quarter (23%) of all new lettings in supported housing were also to homeless households.

The vast majority of lettings in supported housing are short-term tenancies or licences, or temporary accommodation. Supported housing is only provided by ‘traditional’ RSLs, rather than transfer RSLs. Exactly two thirds of all lettings by ‘traditional’ RSLs are in supported housing, as a result of the high turnover in this form of housing.

Table 1: Total net lettings in social housing in the South West and lettings to the priority homeless by landlord type

<table>
<thead>
<tr>
<th></th>
<th>Total net lettings</th>
<th>Net lettings as % of total Net lettings</th>
<th>Total lettings to priority homeless</th>
<th>Lettings to priority homeless as % of total net lettings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General needs</td>
<td>7,670</td>
<td>30.2</td>
<td>2,909</td>
<td>37.9</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>4,273</td>
<td>16.7</td>
<td>1,514</td>
<td>35.7</td>
</tr>
<tr>
<td>Traditional RSLs</td>
<td>4,509</td>
<td>17.7</td>
<td>1,179</td>
<td>26.1</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>16,416</strong></td>
<td><strong>64.6</strong></td>
<td><strong>5,602</strong></td>
<td><strong>34.1</strong></td>
</tr>
<tr>
<td>Traditional RSLs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supported housing</td>
<td>8,987</td>
<td>35.4</td>
<td>2,068</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,403</strong></td>
<td><strong>100</strong></td>
<td><strong>7,670</strong></td>
<td><strong>30.2</strong></td>
</tr>
</tbody>
</table>
2. From acceptance to rehousing: the flows of homeless lettings in the South West

The diagram below shows the basic ‘flows’ of homeless households through the system.

It divides homeless households between those judged by local authorities to be homeless and in priority need (essentially, households with children, or with some form of vulnerability), shown in pink, and those judged to be homeless but not in priority need (essentially, childless households with no other form of vulnerability), shown in blue.

The diagram also divides the flows of households between family accommodation (two-bedroom or larger) and non-family accommodation (one-bedroom and bedsit).

<table>
<thead>
<tr>
<th></th>
<th>2+ bedroom accommodation</th>
<th>1 bedroom accommodation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority homeless</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cases accepted as homeless in 2005-06</td>
<td>4,998 families</td>
<td>3,029 vulnerable</td>
</tr>
<tr>
<td>Total homeless households actually rehoused in 2005-06</td>
<td>3,869</td>
<td>3,795</td>
</tr>
<tr>
<td>Lettings to homeless in 2005-06</td>
<td>LA 1,879 RSL GN 1,632 RSL GN 196 RSL SH 342 RSL SH 147</td>
<td>LA 1,030 RSL GN 995 RSL GN 348 RSL SH 1,726 RSL SH 2,227</td>
</tr>
<tr>
<td>% of total lettings to homeless</td>
<td>49.0 36.1 4.3 36.1 15.5</td>
<td>26.9 24.5 8.6 21.5 27.7</td>
</tr>
<tr>
<td>Total lettings to new tenants in 2005-06</td>
<td>LA 1,879 RSL GN 4,527 RSL SH 948</td>
<td>LA 3,835 RSL GN 4,061 RSL SH 8,039</td>
</tr>
<tr>
<td></td>
<td>2+ bed accommodation 9,310 lettings</td>
<td>1 bed general needs 7,896 lettings</td>
</tr>
</tbody>
</table>
The flow diagram has been constructed from a number of different sources: the P1E returns by local authorities, the annual HSSA returns by local authorities, and CORE returns by RSLs. Each source measures homelessness and lettings for different purposes, and uses different definitions. Some of the figures in the diagram are calculated (for example, the diagram assumes that all two-bedroom lettings to the priority homeless by local authorities are to families, and that all one-bedroom lettings to the priority homeless by local authorities are to childless but vulnerable households). As a result, there are small discrepancies in the totals between the different sources used.

Nevertheless, the diagram gives a reasonably accurate picture of the orders of magnitude involved.

Overall, there were 16,258 lettings (net of transfers) in general needs social housing in the South West region in 2005-06. Just over a third (34%) of these were let to 5,536 priority homeless households. In addition, there were 8,987 lettings (net of transfers) in RSL supported housing in the South West region in 2005-06. Nearly a quarter (23%) of these were let to 2,068 priority homeless households.

RSLs also let a further 6.3% of their general needs lettings to 544 non-priority homeless households, and just over a quarter (26.4%) of their supported housing lettings to 2,374 non-priority homeless households.

Local authorities do not record the number of lettings to non-priority homeless households in their stock.

However, there were 3,900 households accepted by local authorities as homeless but not in priority need in 2005-06, and RSLs alone rehoused 3,057 ‘other homeless’ households during that year. It appears probable that the total number of non-priority households rehoused in social housing during 2005-06 would have approached, or even exceeded, the number of households accepted, if a reasonable proportion of local authority one-bedroom lettings were to non-priority homeless households.

In the case of households accepted by local authorities in 2005-06 as homeless and in priority need due to their vulnerability, more households were rehoused (3,795) in social housing than were accepted (3,029). This probably reflects the fact that acceptances fell sharply between 2004-05 and 2005-06: many households accepted during 2004-05 would not have been rehoused until 2005-06. Roughly, one quarter of all one-bedroom general needs properties were let to vulnerable households in priority need by both local authorities (26.9%) and RSLs (24.5%). However, nearly half (45.5%) of all vulnerable households in priority need were housed in supported housing.

However, in the case of family housing (2+ bedrooms), there is a clear shortfall between the numbers accepted as homeless and in priority need (4,998) and the numbers actually rehoused
Local authorities let nearly half (49%) of their family accommodation to priority homeless households, whereas RSLs let only rather more than a third (36%) of their family accommodation to priority homeless households.

3 Rehousing the homeless: the impact of choice in lettings

The proportion of RSL lettings that are allocated to the priority homeless is also significantly affected by whether the RSL itself has resulted from large-scale stock transfer, and whether lettings are made through a choice-based lettings scheme. Roughly, a quarter (25.8%) of all lettings in the South West region in 2005-06 were made by stock transfer RSLs, and roughly one quarter (26.2%) of all lettings were made through CBL schemes. Just over half (53.8%) of all lettings were made under the ‘traditional’ system in which local authorities have retained ownership of the housing stock, and in which properties are allocated by offer to applicants.

3.1 The overall pattern of lettings in the South West

Table 2 shows the overall position for all lettings in the South West region in 2005-06.

The table shows that in areas where the local authority has retained its housing stock, ‘traditional’ RSLs are letting only just over one fifth (21.4%) of their properties to the priority homeless. This is only just over half (56.5%) of the proportion of lettings that the local authorities are making to the priority homeless in their own stock (37.9%).

In these areas, the local authority housing stock appears to operate as the ‘landlord of last resort’ for the priority homeless.

In areas in which the local authority has transferred its stock to a RSL, the stock transfer RSL appears to continue to fulfil a similar role, as ‘landlord of last resort’, although to a much lesser extent. In stock transfer areas, the proportion of lettings to the priority homeless by ‘traditional’ RSLs rises to just under one third (32.9%), compared to the rather more than a third (36.1%) of lettings made by stock transfer RSLs.

In these areas, the proportion of lettings allocated to the priority homeless by the ‘traditional’ RSLs operating in those areas is, on average, roughly 90% of the proportion made by stock transfer RSLs.
Table 2: South West region: total net lettings in general needs housing and proportion of lettings to priority* homeless by landlord type

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Total net lettings</th>
<th>Total lettings to priority homeless</th>
<th>Lettings to priority homeless as % of total net lettings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local authority areas with retained stock</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority</td>
<td>7,670</td>
<td>2,909</td>
<td>37.9%</td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>2,658</td>
<td>570</td>
<td>21.4%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>446</td>
<td>147</td>
<td>33.0%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>10,774</td>
<td>3,626</td>
<td>33.7%</td>
</tr>
<tr>
<td><strong>Local authority areas with transferred stock</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>1,851</td>
<td>609</td>
<td>32.9%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>3,791</td>
<td>1,367</td>
<td>36.1%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>5,642</td>
<td>1,976</td>
<td>35.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,416</strong></td>
<td><strong>5,602</strong></td>
<td><strong>34.1%</strong></td>
</tr>
</tbody>
</table>

*Note: priority homeless = statutory homeless in CORE
3.2 The pattern of lettings under ‘traditional’ allocation schemes

The proportions of lettings to the priority homeless in areas with ‘traditional’ allocation schemes are shown in Table 3 below:

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Total net lettings</th>
<th>Total lettings to priority homeless</th>
<th>Lettings to priority homeless as % of total net lettings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local authority areas with retained stock</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority</td>
<td>6,453</td>
<td>2,499</td>
<td>38.7%</td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>2,048</td>
<td>440</td>
<td>21.5%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>232</td>
<td>101</td>
<td>31.3%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>8,824</td>
<td>3040</td>
<td>34.5%</td>
</tr>
<tr>
<td><strong>Local authority areas with transferred stock</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>1,310</td>
<td>457</td>
<td>34.9%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>1,982</td>
<td>845</td>
<td>32.6%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>3,292</td>
<td>1,302</td>
<td>39.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,116</strong></td>
<td><strong>4,342</strong></td>
<td><strong>35.8%</strong></td>
</tr>
</tbody>
</table>

*Note: priority homeless = statutory homeless in CORE

The table shows a similar pattern of lettings in areas in which the local authority has retained its housing stock. ‘Traditional’ RSLs let just over one fifth (21.5%) of their general needs stock to the priority homeless, or just over half of the proportion of lettings to the priority homeless made by local authorities (38.7%).

However, in areas in which the local authority has transferred its housing stock to a RSL, the proportion of lettings allocated to the priority homeless by the ‘traditional’ RSLs operating in those areas falls to only 80% of the proportion made by stock transfer RSLs, compared to the overall average of 90% across all lettings in transfer authority areas in the South West.
3.3 The pattern of lettings under choice-based lettings schemes

The proportions of lettings to the priority homeless in areas with choice-based lettings schemes are shown in the Table 4 below:

Table 4: South West region: total net lettings in general needs housing and proportion of lettings to priority* homeless by landlord type, with CBL

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Total net lettings</th>
<th>Total lettings to priority homeless</th>
<th>Lettings to priority homeless as % of total net lettings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authority areas with retained stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority</td>
<td>1,217</td>
<td>410</td>
<td>33.7%</td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>610</td>
<td>130</td>
<td>21.3%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>123</td>
<td>46</td>
<td>37.4%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,950</td>
<td>586</td>
<td>30.1%</td>
</tr>
<tr>
<td>Local authority areas with transferred stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non LSVT RSLs</td>
<td>554</td>
<td>152</td>
<td>28.1%</td>
</tr>
<tr>
<td>LSVT RSLs</td>
<td>1,809</td>
<td>522</td>
<td>28.9%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,350</td>
<td>674</td>
<td>28.7%</td>
</tr>
<tr>
<td>Total</td>
<td>4,300</td>
<td>1,260</td>
<td>29.3</td>
</tr>
</tbody>
</table>

*Note: priority homeless = statutory homeless in CORE

The table shows that in areas in which the local authority has retained its housing stock, the 'traditional' RSLs are still only letting just over a fifth (21.3%) of their properties to the priority homeless.

However, the table also shows that in areas in which there is both a stock transfer RSL and a CBL scheme, the proportions of lettings to the priority homeless by both stock transfer RSLs and 'traditional' RSLs are almost identical (at 28.9% and 28.1% respectively).

The table shows clearly that choice-based lettings schemes create equal access to housing for the homeless.
Section two: interview themes

1. The background and administration of choice-based lettings schemes

1.1 The level of participation by RSLs in CBL schemes

Although only 13 local authorities out of the 45 in the South West had CBL schemes operating in 2005-06, the level of participation by RSLs in the local CBL scheme is strikingly high.

Among the national RSLs operating in the South West, it appeared that only one has adopted a policy of non-participation in choice-based lettings. The administrative problems of dealing with individual non-participating RSLs had evidently resulted in a decision by the local authority affected not to pursue nomination rights with the RSL.

The smaller RSLs that were not participating were either very small or specialised, or were experiencing problems because the restrictive local lettings policies associated with S106 developments in rural villages were incompatible with the arrangements for open advertising and choice in lettings. The costs of participation were also a factor for very small RSLs.

1.2 The costs of CBL schemes

Views on the costs of CBL schemes compared to ‘traditional’ nomination arrangements were mixed. One RSL commented that they contributed a significant amount towards the advertising costs that were incurred by the local authority, but that this was offset by the savings gained from not having to run a separate waiting list. Another RSL felt that the costs of advertising were probably greater than the previous cost of administering a waiting list.

One RSL commented that difficulties had sometimes been experienced in the early period of preparation for the introduction of CBL schemes, where local authorities were perceived as attempting to share the costs of statutory functions in the proposed charging scheme, although these difficulties had been overcome in the course of negotiations.

One RSL with national coverage commented that they were moving towards a policy of offering 100% nomination rights to local authorities in areas in which the RSL only had a small stock of properties, in order to avoid the costs of running a separate waiting list in these areas.

1.3 CBL schemes and void turnaround times

Again, the views of RSLs were mixed. One RSL, which had previously experienced very short void turnaround times, felt that the fixed timetable of CBL schemes had led to an increase in void periods, while another RSL felt that reasonable void turnaround times were being achieved by pre-allocation of property.

One national RSL was proposing to do some work on measuring actual void turnaround times:
anecdotal evidence suggested that CBL had led to some increase, but they were conscious that actual evidence of this was lacking.

### 1.4 Administering multiple CBL schemes

RSL interviewees were asked whether dealing with several CBL schemes in different local authority areas had posed any administrative problems. No RSL identified this as an issue: most felt that the multiplicity of CBL schemes that exists had not created any particular problems. One RSL had experienced minor problems in getting property details and photographs to the local authority lettings co-ordinator.

A number of RSLs commented on the small stock which they possessed in areas with CBL schemes, and therefore the small numbers of lettings that had occurred in these areas. One RSL commented that their experience of one CBL scheme consisted of a single letting – but that the letting had gone smoothly, without any difficulties.

One RSL commented on the workload involved in getting staff up to speed with new CBL schemes as they were introduced across the region, but felt that this was offset by replacing work on any existing property allocation scheme.

### 1.5 Access to the ‘waiting list’ and ‘back office’ systems

Both RSLs and local authorities were in favour of allowing all partners access to the ‘back office’ systems. There may be issues about system compatibility and IT security to be dealt with, but if these could be overcome, then the ability of CBL scheme partners to have direct access was seen as a positive feature. Direct access was perceived to have two advantages:

- Partners could directly upload details of new cases, or of changes of circumstance, to the system
- Partners could all have equal knowledge of successful bidders’ circumstances, overcoming problems of information sharing and eliminating the need for agreed information sharing protocols.

One RSL commented that providing access to the central database appeared to be a feature of successful schemes, and thought that this would spread generally in the future.

### 1.6 The modification of CBL schemes

Some CBL schemes that had been running for a number of years were amending their banding schemes to reflect experience and changing housing market circumstances.

For example, Kennet has moved from a simple three band system (with a Priority Card):

A. Reasonable preference  
B. Everyone else  
C. Owner occupiers
to a five band scheme giving greater recognition of housing need (in line with the perceived shift in Government policy): Platinum (statutory duty), Gold + (multiple Gold Band needs), Gold, Silver and Bronze. The scheme had also moved away from giving additional weighting to existing tenants, originally dating their application from the date of tenancy commencement, to using the date of application itself.

1.7 Strategic and operational partnership working

Interviewees stressed the importance of proper project management in the development and implementation of CBL schemes. One commented on the need for proper resourcing, and that “project management is not something that can just be tacked onto the day job”. The Bristol CBL scheme went live during the interview period, and partners in that scheme felt that the management of the project, and the engagement of both partners and stakeholders, had been particularly thorough and successful.

CBL schemes that have been operational for a number of years have also been able to build up a substantial degree of confidence and trust between partners. A good example of this is the decision by the partners in Homefinder Direct to advertise all lettings within the sub regional scheme as available to all applicants. Commonly, social landlords are often reluctant to offer lettings to applicants from outside the landlord’s area of operation, and the decision by the Homefinder Direct partners to open up all lettings to possible inter-area movement reflects the successful development of the partnership. (It is also interesting that the degree of inter-area movement has proved relatively limited, occurs mainly over short distances across administrative boundaries, and is broadly self balancing, with landlords both exporting and receiving movers in roughly equal numbers.)

A feature common to most CBL schemes was the use of a ‘partnership forum’, meeting regularly (typically once a quarter) at which operational details and minor policy adjustments could be agreed.

2 Lettings and choice

2.1 ‘Points chasing’

Most schemes were of the view that the adoption of banding systems had effectively done away with ‘points chasing’.

As an example, in preparing to introduce a CBL scheme, Bristol had moved from housing need points to bands about eight months before the CBL scheme went live. One RSL felt that the move away from the complexity of the previous points scheme to a five band scheme had been wholly positive, and had significantly reduced ‘points chasing’.

Another RSL commented that the shift to bands in Bristol had resulted in a positive impact on the role played by advocates. It had enabled them to
move away from simply referring clients for ‘yet another medical’ in the hope of gaining additional points, towards a role in which the advocate could play a more positive and practical role in managing expectations and assisting clients in bidding. The advocate’s role had become more focused on outcomes than on process.

2.2 Emergency banding and Priority Cards

A similar problem to ‘points chasing’ can arise with the distribution of Priority Cards or the use of an emergency band. Since these usually override other bids, even if only for a time-limited period, there is concern that their use can spread and become uncontrolled.

Exeter had originally designed their scheme on the assumption that only 15 emergency band allocations would be made in the course of a year, but found that the number was in practice increasing to 30 (out of a total of 500 lettings per annum). The scheme had been revised to introduce a procedure whereby an applicant had to be recommended for the emergency band by an agency (police, probation, etc). The application had to be supported by another agency, and was then emailed to a panel of seven (participating landlords plus one elected Member), and supported by a majority vote. A subsequent refusal of an offer by an emergency band bidder would be referred back to the panel.

This was clearly a draconian approach, but appeared to have worked effectively.

2.3 Bidding on behalf of applicants

Schemes had different arrangements for bids to be placed on behalf of applicants.

In most cases, advocates could place bids on behalf of applicants, although one RSL expressed some concern that if the range of advocates was widened to include family and friends, then this could lead to subsequent disagreements and refusals of offers.

2.4 ‘Direct lets’ outside the CBL scheme

In some cases, it may be appropriate for occasional lettings to be made directly by the landlord, without advertising the property to all applicants. A typical example of this might be the transfer of an existing tenant within the same block, by means of a ‘like for like’ transfer.

In the Bristol CBL scheme, the partners had agreed that where direct lets were made by landlords, the letting would be reported through the CBL system in the normal way, in the interests of maintaining transparency.

2.5 Choice-based lettings and customer reaction

Landlords commented on the importance to applicants of being able to exercise choice; the greater stability which this seemed to be bringing to estates, expressed in lower rates of turnover; and the resulting turnaround of some areas from unpopular to positively desirable.
In the South West, the simplicity and ease of operation of Homefinder Direct have enabled the scheme to attract other landlords and to become a ‘market leader’ among sub-regional CBL schemes.

The only adverse reaction by customers that was identified by RSLs and local authorities operating CBL schemes was the relative unwillingness of homeless households to bid actively for properties. Landlords attributed this to the relative unattractiveness of much social housing, compared to the temporary accommodation in properties leased from the private sector in which many homeless households were actually living. (This point is discussed further in section 3.3 below.)

3 Choice-based lettings schemes and homeless rehousing

3.1 The effect of homelessness prevention measures

The increasing emphasis by local authorities on homelessness prevention was seen as effective by RSLs. One RSL commented that the introduction of a policy to rehouse potentially homeless households directly from the housing register, before a crisis had occurred, had resulted in a marked impact on the number of literally homeless households being accepted, with more households threatened with homelessness being rehoused before actually becoming homeless.

3.2 Choice and the opportunities for housing for the homeless

A striking example of the impact of choice on the housing prospects of the homeless, and of the real demand for social housing, was given by one RSL. In this instance, the traditional nominations process had resulted in homeless households being nominated to an undesirable estate situated in a rural village. The homeless applicants had no desire to live in that village, but were in no position to refuse the nomination, and consequently would immediately register for transfer after being rehoused.

The introduction of CBL had very rapidly altered this situation, producing applicants with a positive desire to live in that village, resulting in a sharp drop in turnover.

3.3 Bidding by the homeless

RSLs and local authorities were experiencing some difficulty in getting homeless households in good quality temporary accommodation (usually private sector leasing properties) to bid for less desirable properties advertised through the CBL schemes.

Local authority policies towards the need for homeless households in temporary accommodation to bid varied according to the degree of local housing stress and the cost of temporary accommodation to the local authority, with some local authorities able to take a more relaxed view than others.
Policies in this area were also changing over time: Exeter, for example, had originally allowed priority homeless households to continue in the top (red) band for twelve months before a ‘discharge of duty’ offer would be made, but this period had been reduced to six months from 2007-08.

Some schemes had the facility to make automated bids for applicants who were not actively bidding for themselves, either because of a reluctance to bid, or because of difficulties in making effective bids.

Again, the Exeter scheme has an automated bid facility, used to make bids on behalf of homeless households who do not bid actively. The facility was programmed not to place bids on properties with at least three valid bids placed by other bidders, in order to avoid ‘overriding’ bids on more popular properties.

An example of an alternative approach is demonstrated by North Cornwall, a member of the Homefinder scheme. It will agree on suitable property locations and types with non-bidding homeless households, who sign these off, and then bids are placed accordingly by council officers on behalf of the homeless household.

The Bristol CBL scheme went ‘live’ during the interviews for this project, and one RSL commented that the results of the first two weeks’ bidding had seen an unusual proportion of successful bids from the lower bands 3 and 4, implying that homeless households and others in the top bands had not bid actively at the outset of the scheme, although it was obviously too early for the reasons for this to be identified.

### 3.4 Vulnerable households and support mechanisms

RSLs generally commented on the need for support packages in rehousing vulnerable households, and relationships with Supporting People providers were thought to be positive.

A number of RSLs were concerned about avoiding possible concentrations of vulnerable people. In the past, this had led to the refusal of nominations and consequent conflict with the local authority. In cases of this sort, some RSLs had sought to reach agreement with the local authority to establish local lettings policies for particular blocks or estates where problems were occurring.

Several RSLs commented on the need for frequent contact with homeless and vulnerable households in order to assist in sustaining tenancies.

In Restormel, all homeless households in general needs temporary accommodation are visited once a month by staff from Ocean Housing Group, while homeless households in supported temporary accommodation are visited weekly by Christian Alliance, who provide the support service. Ocean felt that the process of rehousing tenants from supported housing into permanent tenancies was working well, but that after rehousing there was a need to improve communication for the long term.
Views about the appropriate frequency of visits to households in temporary supported housing were mixed. One RSL operating in a different local authority area felt that one visit per week was inadequate in preventing problems occurring.

One national RSL commented that at the point of rehousing a vulnerable household the RSL would want to see a support package already in place, or agreed at the start of the tenancy. If a support package were not available, this RSL would only offer a shorthold tenancy until support were available.

One local authority, where the stock had been transferred to a stock transfer RSL, commented that the transfer agreement with the stock transfer RSL required the stock transfer RSL to provide assistance with homelessness, and that as a consequence most homeless households were rehoused by the stock transfer RSL. ‘Traditional’ RSLs in the area were perceived to be more reluctant to rehouse households with potential support needs or with a history of financial problems, reflecting their weaker, and non-contractual, relationship with the local authority.

Landlords did not identify any groups of vulnerable applicants as disadvantaged by the need to exercise choice, although a number identified specific support mechanisms that were intended to support individuals who were experiencing difficulty in engaging. These included the use of advocate bidding, automated bidding, and the use of support workers to help illiterate applicants.

3.5 CBL and tenancy sustainability

There was general agreement among interviewees that the introduction of choice appeared to have reduced the numbers of tenants registering for transfers soon after being rehoused.

Few landlords were able to give any precise measure of this effect, and none had ‘before and after’ comparisons, but it was clearly felt that there had been a slowing down in the numbers of tenants seeking transfer. One RSL estimated that transfers had fallen to just under 20% of all lettings, which was felt to be lower than in previous years.

However, it should be noted that the number of transfers occurring has fallen sharply in recent years across social housing in general, probably more as a reflection of the sharp increase in demand in the sector than as a reflection of the impact of CBL schemes. (This is supported by the observation of one RSL that there had been a significant increase in the number of mutual exchanges: as transfers become difficult to obtain, tenants turn to mutual exchanges as a means of obtaining moves.)

4 Emerging problems in lettings

Interviewees identified two main issues in allocations/lettings that had emerged with the introduction of CBL schemes. Neither problem was the result of introducing choice into lettings,
but both had been highlighted by the review of allocation policies and practices that occurs alongside the introduction of a CBL scheme.

4.1 Child density and under-occupation

The first area in which problems had been encountered was the occupation density on letting, or whether properties should be let at their design capacity (effectively, the bedroom standard), or whether a degree of under-occupation of family dwellings was acceptable.

Many RSLs have traditionally chosen to underoccupy family dwellings, partly to improve space standards per person but mainly in order to avoid creating over concentrations of children in particular developments. By contrast, local authorities have tended to follow a policy of occupying property to its designed capacity.

The result is that a house with two double bedrooms and one single bedroom (a ‘3 bedroom, 5 person’ house) might be let by a RSL to a couple with one child, whereas a local authority might let a similar property to a couple with three children (depending upon the age and gender of the children).

Nationally, analysis of RSL lettings in 2005-06, from CORE, shows that 28% of two-bedroom dwellings were let at less than the Bedroom Standard (ie to households with only one child).

In a ‘traditional’ nomination scheme, there are three possibilities:

- The local authority may nominate at the design occupancy, and the RSL may underoccupy the remaining non-nomination vacancies;
- The local authority may reach agreement with the RSL and choose to nominate under-occupying households; and
- The local authority may nominate at the design occupancy, and the RSL may refuse the nomination.

All three possibilities can lead to the view, from the perspective of the local authority, that RSLs are prone to ‘cherry picking’ prospective tenants, and leaving the local authority, as ‘landlord of last resort’, to rehouse larger families and possibly problematic households.

Interestingly, accusations of ‘cherry picking’ by RSLs are not confined to local authorities. In the national project, an interview was held with a stock transfer RSL (not in the South West region) where the local authority had delegated the management of the housing waiting list, and the operation of nomination agreements, to the stock transfer RSL. Staff at the stock transfer RSL were convinced that the other RSLs operating in that area were ‘cherry picking’ prospective tenants from among the pool of nominations.
In areas of exceptional housing stress (primarily in London), it is common for local authorities to have 100% nomination rights to RSL properties. In these circumstances, there is unlikely to be any difference in the density of occupation between different landlords. However, as the proportion of properties subject to nomination agreements falls, different policies between landlords on the appropriate or acceptable density of occupation may result in some landlords (usually the local authority or stock transfer RSL) rehousing a higher proportion of larger households.

This difference in letting practices becomes an issue in CBL schemes because it is the usual practice to advertise all vacancies through the scheme, and for all applicants to be drawn from a common pool. The usual solution, if a degree of under-occupation is acceptable to the CBL scheme partners, is for a proportion of RSL vacancies to be ‘labelled’ as suitable for smaller families. This is usually achieved by using the proportion of net vacancies not covered by nomination agreements for this purpose.

However, this practice would negate one of the obvious advantages of CBL schemes: that they render nomination agreements unnecessary, because all properties are advertised to all prospective applicants.

### 4.2 The priority for rehousing of existing tenants

The second area in which problems had been encountered was the rehousing of existing tenants, usually in cases of overcrowding.

The problem arises because most housing points, or banding, schemes give weight to insecurity of tenure and homelessness in addition to other housing needs such as overcrowding. Applicants in insecure accommodation also tend to be sharing amenities with other households, which would not apply to existing tenants in social housing, and are pointed or banded accordingly. Existing tenants, however, have security of tenure, and so tend to receive fewer points, or to be placed in lower bands, despite the existence of other housing needs such as overcrowding.

One RSL, where tenants overcrowded by one bedroom (by the bedroom standard) were placed in the second highest band, had attempted to give an enhanced opportunity for rehousing for this group by reserving a quota of 20% of lettings, which were labelled as reserved for transfers from this band. The RSL had sought legal advice on whether this arrangement was open to challenge. The advice given concluded that the reservation of a quota of lettings reserved for lower banded applicants in this manner could be regarded as contrary to the requirement to give ‘reasonable preference’ to the groups of applicants specified in the Housing Act 1996, and therefore potentially open to challenge.
4.3 Rehousing priorities and issues for landlords to consider:

4.3.1 The design of CBL schemes

The number of bands, and the proportion of lettings taken up by each band, are an important consideration in the design and management of CBL schemes. If the highest band expands to take up nearly all lettings, then the scheme becomes reduced to a time waiting scheme, and ‘band chasing’ will become essential if applicants are to gain any realistic prospect of rehousing.

An ‘ideal’ distribution of lettings between bands in a five or six band scheme might be for 5-10% of lettings to go to the highest band (the emergency or priority card group), 20-30% of lettings to go to the next highest band (normally, applicants with more than one ‘reasonable preference’), a further 20-30% to the next highest (normally, applicants qualifying under one ‘reasonable preference’ category), a further 20-30% to the next band, and a final 20-30% to the lowest band. Whether applicants without any measurable housing need would be in the lowest band that obtains rehousing would depend on the degree of stress in the local housing market.

The definition of need in each band will, of course, depend upon local circumstances and the degree of stress experienced in local housing markets. In CBL schemes in London, for example, it is common to find the homeless spread across the three highest bands, depending upon the relative urgency of their situation.

4.3.2 The implications of ‘reasonable preference’

‘Reasonable preference’ does not necessarily mean ‘overriding preference’. Landlords are free to let vacancies in the interests of the good management of their stock. An obvious case of this is the prioritisation of transfers for under-occupying tenants, with no other housing need that would qualify for ‘reasonable preference’, in order to release family homes for letting to others.

The definition of the ‘reasonable preference’ categories is very general, and clearly gives considerable scope to landlords in defining the degree of housing need. For example, a restrictive definition of overcrowding might be statutory overcrowding; a ‘middle of the road’ definition might be the bedroom standard; while a ‘liberal’ definition might regard each child as requiring their own bedroom.

4.3.3 Assessing and banding overcrowding

Overcrowding is one of the ‘reasonable preference’ categories: the issue is whether overcrowding alone, without other housing need factors, would be sufficient to classify an applicant in the higher bands.

In considering the appropriate number of points, or band, that should be awarded to overcrowded existing tenants, the degree of overcrowding,
and the circumstances, are relevant. A family living in a one-bedroom flat and overcrowded by one bedroom might be thought to be in a worse position than a family in a two-bedroom house and overcrowded by one bedroom, while a family living in a three-bedroom house and overcrowded by one bedroom might be considered to be in proportionately less need.

In assessing the degree of housing need, landlords may also wish to consider the duration of the benefit gained by moving to larger accommodation: to move a family with young children into larger accommodation will confer a longer lasting benefit than to move a family whose children are nearly grown up (a situation likely to lead to the reverse problem of under-occupation within a few years). The latter problem is likely to be increased if long waiting times are required for rehousing. By the time overcrowding is relieved, the tenants’ children may be on the verge of leaving home.

4.3.4 An example of allocating degrees of overcrowding to different bands

The banding system adopted by the Bristol CBL scheme allocates overcrowded households to different bands depending upon the degree of overcrowding that is being experienced:

1. Homeless in temporary accommodation for more than 12 months, ‘strategic interest’ (decanting for redevelopment or major repairs), foster care cases, under-occupied or overcrowded by three rooms.
2. Medical priority, ‘move on’ for single priority homeless from supported housing, under-occupied or overcrowded by two rooms.
3. Priority homeless not in temporary accommodation, ‘reasonable preference’, domestic violence or racial harassment.
4. Lower level ‘reasonable preference’, non priority homeless, low medical and other reasons, under-occupied or overcrowded by one room.
5. Everyone else.

4.3.5 Seeking an appropriate balance

Transfers do not, of course, diminish the total number of net vacancies that become available for letting to new tenants. However, to prioritise transferring overcrowded existing tenants from two-bedroom homes to three bedrooms or larger may effectively reduce the opportunities for applicants to be given ‘reasonable preference’ in accessing three-bedroom accommodation.

The ‘problem’ that often occurs is that existing tenants seeking a transfer will often also be seeking a more desirable property, or a more desirable location, than their present one. In a situation in which overcrowded existing tenants are allocated to the third highest band, it is likely that the most desirable quarter or third of all
properties will be let to applicants in the two highest bands. In these circumstances, existing tenants may be reluctant to bid for, or to accept, properties of a suitable size but lacking other desirable attributes, and may effectively ‘prefer’ to remain living in overcrowded circumstances.

It would appear probable that a CBL scheme which had an explicit policy of managing moves within the stock for the purpose of both relieving overcrowding among existing tenants and of releasing family accommodation for new entrants by transferring under-occupiers would be reasonably proof against challenge.
Allocations and lettings in social housing have their own jargon, and a number of the key terms are briefly explained below.

**Choice-based lettings**
In a ‘traditional’ allocation scheme, each empty (void) property that becomes available is offered to the household at the ‘top of the list’ for properties of that type or size. The household must then decide whether to accept or reject the offer of that property. Usually, the household will be unaware of any other property which might be vacant, and for which the household might be eligible. In areas of high housing stress, social landlords may also restrict the ability of the household to refuse offers, unless the property is unsuitable for the household’s needs.

In choice-based lettings schemes, all the available empty properties are advertised to all households who have registered for social housing. Households are able to decide whether to make an offer (bid) for one or more of the available properties for which they are eligible, or whether to wait until a suitable property becomes available. The landlord will offer the property to the ‘bidding’ household with the highest need. In areas of high housing stress, social landlords may restrict the length of time that households in the highest need (usually homeless households, especially those in temporary accommodation) may wait before ‘bidding’ for a property for which they are eligible.

**Measuring housing need: ‘points’ schemes and ‘bands’**
In most areas of England (and certainly in the South West), the demand for social housing exceeds its supply, and social landlords must ‘ration’ their lettings among applicants. In recent years this has generally been done by means of a housing needs points scheme, in which different numbers of points are awarded to each applicant household, depending upon the degree and extent of their housing need (most schemes also award points for the length of time that a household has waited in need).

Housing points schemes have been increasingly criticised on three grounds:

- They are too complex;
- They are ‘pseudoscientific’; and
- They lead to ‘points chasing’ by applicant households, seeking to maximise the number of points which they are awarded and thereby improve their chances of rehousing.

As a result, many social landlords have moved away from detailed points schemes to the ‘broader brush’ approach of housing ‘bands’. Applicant households are allocated to a band according to their broad degree of housing need, and households are then ranked within each band according to the length of waiting time. Early banding schemes tended to have three bands (typically labelled gold, silver and bronze), but experience suggests that, in areas of high housing stress, at least four or five bands are required.
in order to reflect the ‘reasonable preference’ categories.

**Reasonable preference**

Lettings of housing by local authorities, and their nominations to housing associations, are governed by the statutory requirements of the Housing Act 1996, as amended by the Homelessness Act 2002.

Local authorities are required to have an allocations scheme for determining priorities in letting accommodation. The allocation scheme must give reasonable preference to applicants falling within one, or more, of five defined categories (the ‘reasonable preference’ categories).

These are:

1. homeless people (within the meaning of Part 7);
2. people who are owed a duty by any local housing authority under any of the following sections of the Housing Act 1996:
   i. 190(2) eligible for assistance, homeless, in priority need and intentionally homeless
   ii. 193(2) eligible for assistance, homeless, in priority need and not intentionally homeless
   iii. 195(2) (or the equivalent sections in the Housing Act 1985) eligible for assistance, threatened with homelessness, in priority need and not intentionally homeless
   iv. 192(3) (as inserted by section 5 of the Homelessness Act 2002) eligible for assistance, homeless, not in priority need and not intentionally homeless, and occupying accommodation secured at the authority’s discretion;
3. people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions;
4. people with a need to move on medical or welfare grounds; and
5. people who need to move to a particular locality in the district to avoid hardship to themselves or to others.

Subsequent case law appears to have established that applicants with needs in more than one of the above categories should be given additional preference.

‘Reasonable’ preference does not imply ‘overriding’ preference: case law suggests that the local authority may give a higher priority to other groups in the interest of the efficient management of its stock. The transfer of tenants for decanting purposes, or for under-occupation, would be typical examples where priority might be given ahead of applicants who are in the reasonable preference categories.

‘Reasonable preference’ is not defined in the Act, and it is for each local authority to determine this by, for example, relating preference to conditions in the local housing market, and the extent to which it is possible to meet the needs of those entitled to ‘reasonable preference’.

A local authority may only make allocations that are in accordance with its allocations scheme,
and may only make nominations to housing associations that are in accordance with the local authority's allocation scheme.

The Housing Act 1996 requires housing associations to ‘co-operate to such extent as is reasonable in the circumstances in offering accommodation to people with priority on the authority’s housing register’, when requested by a local housing authority.

Otherwise, housing associations are required, by the Housing Corporation, to follow its regulatory guidance on the letting of property.

**Discharge of duty**

If a local authority is of the opinion that a homeless household has unreasonably refused offers of rehousing, then the local authority may make a final offer of a property to a homeless household. If this offer is also refused (subject to its suitability), then the local authority has discharged its statutory duty towards that household, and is no longer responsible for their rehousing.

**The Bedroom Standard**

The current national statutory overcrowding standards (the Room Standard and the Space Standard) are set out in Part X of the Housing Act 1985 which restates standards that have remained unchanged since 1935, although at the time these standards were seen as a starting point to be upgraded later. The statutory standards are now generally accepted as being completely unacceptable.

The Bedroom Standard indicator of occupation density was developed by the Government Social Survey in the 1960s for use in social surveys. It incorporates assumptions about the sharing of bedrooms that would now be widely considered to be at margin of acceptability.

A standard number of bedrooms required is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is required for each married or cohabiting couple, for any other person aged 21 or over, for each pair of adolescents aged 10-20 of the same sex, and for each pair of children under 10. Any unpaired person aged 10-20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

This standard is then compared with the actual number of bedrooms (including bedsitters) available for the sole use of the household. Bedrooms converted to other uses are not counted as available unless they have been denoted as bedrooms by the residents, bedrooms not actually in use are counted unless uninhabitable. If a household has fewer bedrooms than implied by the standard then it is deemed to be overcrowded. As even a bedsitter will meet the bedroom standard for a single person household, or for
a married/cohabiting couple, single person 
and couple households cannot be overcrowded 
according to the Bedroom Standard.

The statutory standard for overcrowding is now 
over 70 years old, and the Bedroom Standard is 
over 40 years old. Both are a long way from the 
current common assumption that every child 
should have their own bedroom.

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An increasing proportion of new-build social 
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We can provide copies in large print, Braille and audio cassette, on request. Other language versions may also be available.
Choice, lettings and homelessness in the South West

This publication sets out the results of a project in the South West on introducing choice-based lettings schemes to help tackle homelessness.

It outlines the quantitative background to lettings and homelessness in the South West, and analyses the impact of choice-based lettings schemes on providing homeless households with access to social housing across the region.

It also analyses the results of a series of qualitative interviews with both local authorities and housing associations in the region about their experiences of choice-based letting and their perceptions of its impact on the rehousing of homeless households.