



Circle Anglia  
1-3 Highbury Station Rd  
London N1 1SE  
0207 288 4000  
[www.circleanglia.org](http://www.circleanglia.org)

Jon Longden  
National Housing Federation  
Lion Court  
25 Procter St  
London WC1V 6NY.  
*By email: [jonl@housing.org.uk](mailto:jonl@housing.org.uk)*

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Dear Mr Longden

**Fairer access to social housing: a consultation proposal**

Thank you for the opportunity to contribute to the consultation on the allocations systems for housing.

Circle Anglia is one of the UK's leading providers of affordable housing. With a committed team of more than 2,200 staff, Circle Anglia owns and manages more than 60,000 homes, including supported and sheltered housing, for around 200,000 people across the UK.

Circle Anglia is supportive of the NHF's proactive stance on championing the debate on allocations. We believe that this a timely and important piece of work given the intensifying pressure on housing supply and the constraints on public sector finances. Although we have concerns about the resource implications of some of what is described in the consultation draft, Circle Anglia supports the broad proposals and we set out below our responses to the particular questions that you have raised.

**Question 1 - Do you agree with the vision we set out in section 1 or would you propose any changes to it?**

Circle Anglia supports the vision to create a system where housing is available to people in different circumstances and across the income spectrum. Our mission is to enhance Life Chances and it is clearly in harmony with the ambition to support people to reach their full potential and deliver communities that are socially and economically viable. We also strongly support the assertion that housing associations and local authorities should have greater freedoms to respond creatively to local market circumstances and community needs. We believe that constraints on the current system reward 'need' rather than 'aspiration' of residents. Greater freedom is essential if we are to make headway in meeting the housing needs of the communities we serve.

**Question 2 - Do you agree that Part 7 and Part 6 of the Housing Act 1996 should be reviewed, and with the objectives we set out in section 1, or would you propose any changes to those objectives?**

We agree that parts 6 and 7 of the Housing Act 1996 should be reviewed and we support the objectives you have set out. It may be appropriate to consider subtleties around objective 5 which refers to supporting the creation of mixed neighbourhoods and avoiding concentrations of the most vulnerable. While that is right as a general principle there are circumstances when the dispersal of people with similar support needs across wider areas makes it difficult or less efficient to deliver services such as homecare or learning difficulty support. We should also guard against the risk of social isolation among vulnerable people, especially the elderly, which might be an unintended consequence of a rigid application of this objective. We suggest that the objectives are reviewed and tested to be confident that they meet the needs of vulnerable people.

It is not immediately clear what the inclusion of the words 'in the area' means in objective 8, which is about creating opportunities for social housing tenants to move. We would wish to encourage a framework that promotes mobility across all arbitrary or political boundaries, so that tenants in social housing have no more barriers to where they live than those in other tenures.

**Question 3 - Do you agree with our analysis of the problems that arise through the interaction of the current homelessness system (Part 7 of the Housing Act 1996) with the allocation system (Part 6), and if not why not? And are there any other issues you would like to raise with regard to how the current homelessness duties work and interact with allocation schemes?**

The analysis of the relationship between the current homelessness arrangements and the allocation system is helpful and accurate as a general summary. There are clearly local variations, reflecting differences between areas of high and low demand and the influence of particular groups of policy decision makers. However, the statistics demonstrate beyond any measure of doubt that those who are homeless are being channelled into settled social rented housing in numbers that close off the opportunities for others who may have an equal or more pressing case. Continuing such an approach would be a significant barrier to the creation of vibrant, mixed income communities. When applied to new developments it also results in some intense and unhelpful outcomes.

**Question 4 - Do you think the solutions proposed in section 2 could work or would you like to suggest amendments or any other reforms of Part 7 homelessness duties?**

The principles behind the solutions proposed in section 2 are very strong. We agree that there should not be an automatic link between the main housing duty and housing through the allocation scheme. We also concur that there should certainly be strong support and advice services focusing on homelessness prevention as well as creating pathways for people to access a range of housing options. Across Circle Anglia teams work hard to support local authority partners in this and in helping people who are housed to sustain their tenancies. The resources that sit behind a system framed in such a way are of course pivotal to its success. Unsurprisingly we see this as the greatest challenge that we face in restructuring allocation systems to achieve the objectives described in section 1.

***It may be helpful to consider some of the elements below in the proposed solution;***

- Access to an adequate supply of decent temporary housing is vital, otherwise continuing reliance on mainstream social housing stock seems unavoidable. Given that the proposed new categories of 'reasonable preference' still include people to whom the main housing duty is owed it is hard to avoid the conclusion that allocations will continue to be driven primarily by reference to availability. In practice, there is a danger that little will change unless the creativity and innovation described elsewhere in the paper is achieved.
- We believe that the availability of well-trained and motivated housing options staff is also critical to the success of the solution and there is an expectation that these teams will extend their role to working with households who would not presently be served. Reference is also made to the value of tenancy sustainment work, which as we have said is an important part of our range of services within Circle Anglia. The plea for the government to maintain its spending on these services will not go far enough. To do what is described in the consultation paper, teams will have to be established where they are currently absent and extended to achieve the range and depth of capability needed. Difficult decisions about prioritisation are inevitable and the sector will have to do more to share resources efficiently.
- We think that the discharge of duty to homeless should be achieved through the provision of temporary accommodation. Families should then be given appropriate, properly assessed and needs based support to access and sustain settled housing. Private accommodation should be included as an option. We do not believe that additional priority for social housing should be given by virtue of homelessness status. Although this is not the cheapest option it would be seen as fairer and encourage more mobility within the sector. We believe that the proposed reduction to Local Housing Allowance would adversely impact on access to and sustainability of private rented accommodation for those facing homelessness.

In summary, while we support the reform of parts 6 and 7 it will not be enough to bring about substantial change unless government, local authorities and providers work together to address the resource challenges that the proposed amendments imply. In reality an entirely new contract between housing providers and government at a local and national level may be needed. .

**Question 5 - Do you agree with our analysis of the problems as to how the current allocation system works, and if not why not? And are there any other issues you would like to raise with regard to lettings through local authority allocation schemes?**

We agree with the analysis of the way in which the current allocations system works and the problems that it creates. It is also perhaps worth remembering that many housing associations manage stock that was transferred to them by local authorities and there is often an expectation that the receiving landlord will continue to operate allocations according to criteria that might be add odds with its policies and preferred practice.

**Question 6 - Do you think the solutions proposed in section 3 could work or would you like to suggest amendments or any other reform of Part 6?**

A reform of the 'reasonable preference' categories is at the heart of this consultation and it is impossible to see how meaningful change can be achieved without it. We agree that the emphasis needs to shift away from the condition of the housing from which the applicant needs or wants to move and we need to implement changes that incentivise positive decision making on all sides. We also believe that reform of Part 6 needs to arrive at a solution that injects greater transparency and clarity into a process that is presently difficult to understand and is the object of considerable mistrust. Applicants need to be able to understand the rationale behind decision making and be able to predict with some reasonable certainty what their prospects are for being offered social housing and, importantly, roughly how long they can expect to wait. It is also inequitable that a tenant in one location may find their prospects entirely different than they would be in a neighbouring borough or with a different provider in the same area. It is not right that action is driven by a general feeling of hopelessness as it so often is at present.

The suggested new categories for reasonable preference follow a logical pattern but as drafted would probably do little to drive different decisions or behaviours. In particular we would challenge the continuation of the specific link between allocations and the main homelessness duty. Inevitably many who are accepted by their local authority as homeless and in priority need will have a good case for being allocated a social rented home but the fact of their homelessness alone should not be the main criterion for decision making.

Given the restriction on supply and the known benefits of creating more balanced communities, it must be reasonable to ask the questions what are the prospects for this applicant's circumstances changing? Does access to social rented housing represent the best long term solution for this household given all that we know about them? We believe that there is merit in moving to an allocations approach that looks further ahead than the crisis that triggers presentation, especially as a more holistic view would tend to reduce the capacity to 'work the system' for advantage. In essence, housing would be prioritised for those homeless households who can be seen to be in enduring need, not just in an acute problem. Conversely those who are in other reasonable preference categories may have problems that are less acute but for whom settled social rented housing can be seen to be the better long term fit, for them and for the balance of the community into which they seek to move.

If we are to move away from the problems described in part 2 of the paper we will need to shift the focus on to a longer term, more sustainable solution. Consideration of the other proposed categories of reasonable preference suggests that homeless households will meet the requirements of one or more of the other standards so in breaking the explicit link between allocations and homelessness duties we would not be closing off the route into social housing.

The evaluation and support services described in the consultation paper would be central to making a new system for 'reasonable preference' to work, especially if local lettings policies are to be implemented effectively. Staff within local authorities and housing associations will need to work together to monitor the needs of the neighbourhoods they serve and regulate the allocation of social housing to maintain balance.

We think that local authorities and housing associations should be free to allocate to meet existing tenants needs through 'chain lettings' - this would be assisted by a ban on 100% nomination agreements and a requirement to explicitly meet the needs of existing tenants through local lettings plans.

**Question 7 - Do you think housing associations should be able to offer lettings to people beyond the local authority allocation scheme and do you agree with what we have proposed in this regard in section 3? Do you have any additional suggestions on this?**

We agree that housing associations should be able to offer lettings outside local authority allocation schemes and we do operate in this way in many locations. It is not at all unusual for us to offer more vacancies to local

authorities than our formal agreements specify but there are occasions and circumstances in which other arrangements work well.

**Question 8 - Do you agree that choice based lettings should be expanded and how do you propose this could be achieved?**

We agree that choice based lettings have generally had a positive effect in the areas in which it operates and we would support its expansion. Whether the systems through which it operates always represent good value for money is a very different question. We think that a legislative requirement for local authorities to operate CBL is the obvious route but the coalition government is generally resistant to ideas of compulsion that apply across the board. The alternative would seem to be the regulatory route, establishing a standard for allocation systems that specifies those advantages that CBL brings.

**Question 9 - How do you think choice based lettings could be combined with a reform of the allocations framework? Do you have suggestions on how it could fit with our proposals in section 3?**

One of the most natural and transparent way for CBL to link with a reform of the allocations framework is to align the banding system with categories of 'reasonable preference'. This would need to allow for the development of local prioritisation, as described in the consultation paper, but would have the advantage that people would have greater certainty over what 'gold' means in different areas. We believe that this predictability is very important to the customer, even if it provides confirmation that the wait will be very long indeed. The key is to offer people accurate information and whatever degree of control can be achieved within a market where supply and demand are so substantially out of balance.

**Question 10 - Do you agree that periodic reviews should be available to all people applying to local authorities and that people should be actively encouraged to consider options in low cost home ownership, intermediate rent and private renting?**

We agree that periodic reviews should be available to all people applying to local authorities, recognising of course the resource demands that this would place on the sector. There is a certain amount that self-service could do to alleviate that. We would favour the development of self-service systems, on line or available through public access sites such as schools and libraries so that people can look at the status of their application and test variables to see the effect that exercising different choices might have on their prospects of being housed. Support services and systems such as that described above would enable a range of housing options to be offered to applicants on an ongoing basis.

**Question 11 - Do you agree with our analysis of the problems as to the lack of mobility for existing tenants, and if not why not? And are there any other issues you would like to raise with regard to mobility for existing tenants?**

Circle Anglia has been an active participant in the work of the Mobility Taskforce and we run the country's only not-for-profit national mutual exchange system, House Exchange. The topic of mobility among social housing tenants is one that we have a very direct interest in and the difficulties described in the consultation paper are all ones that we can readily identify with. In particular, the requirement for existing tenants to compete with new applicants for vacancies is a significant blockage to mobility. The report of the Mobility Taskforce sets out the issues very clearly and comprehensively and we support its recommendations. In particular we continue to lobby the Government to encourage support to establish a mobility helpline service, bringing more options to tenants especially where they are unable to access web-based systems for mutual exchange.

**Question 12 - Do you think the solutions proposed in section 5 could work or would you like to suggest other ideas for increasing mobility?**

We agree that existing tenants need a different route for transfers and we would like to see practices that encourage people to put together chains of moves, letting vacant properties creatively rather than just as quickly as possible. This calls for a change of mind-set within the sector every bit as much as a change of regulation or policy. It also demands some review of the 'traditional' performance measures that operate to minimise void losses. Some will be concerned that a more creative approach to lettings will impact negatively by lengthening the period over which a property remains vacant. That need not be so and the sector needs to be encouraged to consider examples of good practice that are in place already. We would also like to see better incentives offered to encourage downsizing, with the removal of those disincentives such as a refusal to allow a 'spare' bedroom. The removal of other disincentives around loss of Housing Benefit rights may be difficult to square with current

government policy but the effect of their removal needs to be considered against the broader consequences of continuing to blocking the better use of housing stock.

**Question 13 What more do you think housing associations, local authorities and central government could do to expand intermediate options?**

Many housing associations including Circle Anglia already provide intermediate options and recognise the value in offering a suite of housing solutions that have an appeal for households in different circumstances. Extending those options will be an important part of a positive response to what is sure to be a continuing disparity between the level of demand for affordable housing and supply. Even if that were not the case and we could look forward to a booming period of housebuilding in the UK we would want to see a range of tenure types offered so that the ambition to establish and sustain vibrant, mixed-income communities is realised. And it is important to be able to work within the existing housing stock to create that better balance, not just new developments, access to which has for too long been denied to those already living in the social rented sector.

We would urge government to open up freedoms and flexibilities for landlords to act creatively in the management of their stock, enabling associations to work with local authority partners to create a broader mix of tenancy types as opportunities arise, converting some homes to intermediate tenures and even, where the social and business case justifies it, disposing of assets to create a better balance of household and income types within estates and communities. We think that a proportion of any funding available should be prioritised into making better use of current housing (conversions, adaptations etc) and in the intermediate market

Government at the national and local level have a role in helping landlords to promote and raise awareness of intermediate options and the sector needs to work with the banks and markets to secure affordable, accessible finance options to support customer choice.

**Question 14 - What more do you think needs to happen to make the private rented sector an attractive option for people on local authority housing waiting lists?**

The UK private rented market is smaller and less main-stream than in many other countries and enjoys a generally weak reputation among tenants and investors alike. In many respects people on local authority housing waiting lists will have the same in-principle reservations about taking up tenancies in the private rented sector as the wider population, though they do face a level of discrimination on the part of landlords that reduces their choice very substantially. Much of the market is excluded from benefit dependent applicants and there are worries about the condition of homes that are available to rent. The perception and in some cases the reality is that landlords who will accept benefit dependent tenants do so because the quality of the homes they offer is too poor to attract other renters. There are also concerns about the duration of tenancy, which will be particularly acute for families with children who need a settled base close to schools.

From the landlord's point of view, the return on investment is weak by comparison with other sectors and that disincentive is amplified where there is pressure to deliver sub-market rents. There is also a perception that tenants from local authority waiting lists represent a higher risk both in terms of damage to the property and impact on the neighbourhood. These perceptions, which are sometimes fuelled by a focus in the press on unrepresentative incidences of abuse, operate against the interests of a diverse and well-balanced housing sector.

For things to change the market needs something new. Private investors may need a vehicle that detaches them from the individual decisions around lettings and which offers yields that compare more favourably with, for example, those achieved in student accommodation. There may be a case for establishing an investment vehicle that enables housing associations to acquire and manage residential housing on behalf of institutional investors or funds, which as well as the more conventional types (pension and property investment funds) might include 'investment clubs' which could be attractive to individuals who would in the past have moved into the 'buy to let' market. Rents would have to be within the range supported by Local Housing Allowances but would remain substantially below the alternative cost, for example, of bed and breakfast accommodation.

Tenancy duration is of course constrained by current legislation but there would appear to be at least some alignment between the interests of the investor who wishes to minimise churn and void loss and the tenant who



wishes for a more settled solution than a six month let. There may also be a role for local authorities to play in establishing any necessary rent guarantee schemes.

I hope that our contribution is helpful. Please do not hesitate to contact me if we can be of any further assistance.

Yours sincerely

Clare Brine  
Head of Public and Community Affairs  
0207 447 3035 [clare.brine@circleanglia.org](mailto:clare.brine@circleanglia.org)