

## PLANNING FOR THE FUTURE

Part four of an eight part series looking at demographic, spatial and economic impacts on future affordable housing demand

# MOVING INTO AFFORDABLE HOUSING



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## INTRODUCTION

Following the July 2007 Housing Green Paper and decisions to create a new housing regulator, the Tenant Services Authority (previously known as OFTENANT) and new housing and regeneration agency, Homes and Communities, it is clear that housing in England is going through a period of far-reaching change.

With three million new homes in the pipeline, many of them affordable, it is also clear that the English housing landscape will look quite different in ten years time. But for all the new building, regeneration programmes and fundamental institutional change, our key challenge remains ensuring that affordable housing, both available now and planned for the future, meets the needs and aspirations of residents.

The Housing Corporation and CIH are both committed to supporting the housing sector to improve the services offered to people who live in affordable housing. With a growing commitment to expanding choice for residents, as well as plans for greater recourse and redress when services fall short of expectations, this is clearly a challenge to which housing organisations must rise.

A key element in this must not only be understanding the customer base of today, but planning for the future needs of these and new residents.

This is why the Housing Corporation and CIH have collaborated to produce a series of eight briefing papers – **Planning for the Future** - setting out some of the key drivers of housing demand.

Drawn from a detailed body of academic research commissioned by the Housing Corporation's Centre for Research and Market Intelligence (CRMI) and carried out by the Cambridge Centre for Housing and Planning Research (CCHPR), Cambridge University, the papers have been written with a particular emphasis on their accessibility for housing professionals. Their value lies in presenting the latest research findings in a way that can help inform and shape both strategic planning and housing practice within organisations providing affordable housing. The original research papers and source documents can be found at the CRMI and CCHPR websites, listed in the 'Sources of information' section.

The series of eight briefing papers explores the following areas:

- Who lives in affordable housing?
- Life in affordable housing
- Mobility and social housing
- Moving into affordable housing
- Aspirations and shared ownership
- Affordable housing in London
- Housing and black, minority and ethnic groups
- Affordable housing in the regions.

We hope you will find these valuable in informing your understanding of change in the sector. More importantly, we hope that they will support your commitment to delivering excellent services for both current and future residents.



Peter Dixon  
Chairman - Housing Corporation

## Moving into affordable housing

The profile of those moving into social housing is dependent on two inter-related factors. First, on who applies for social housing, and secondly on the lettings schemes which, in most parts of the country, prioritise those in greatest housing need. This paper is mainly concerned with the first factor - who applies for social housing, and why some households apply and others do not. The final part of the paper examines in more detail the profile of those actually moving into the sector.

### Demand for and supply of social housing

There is at present no lack of overall demand for social housing. Latest figures show that just under 1.7m households in England are on local authorities' housing waiting lists<sup>1</sup>. In the short term, the National Affordable Housing Programme will deliver a programme of over 150,000 affordable homes between 2008 and 2011. In the longer term, the Government's intention is that overall housing supply should increase to 240,000 homes per year by 2016 to deliver 3 million new homes by 2020<sup>2</sup>.

While demand for social housing is likely to continue for the short to medium term, it is currently constrained by perceptions of long waiting lists, selection criteria and in some cases a lack of knowledge. There may also be locally specific difficulties in letting more 'unpopular' property types such as small flats.

### Who applies for social housing?

Nationally, most households give owner-occupation as their preferred long-term tenure (most of these are actually already in owner-occupation). Those who rent in both the private and the social sector are much more divided in their tenure aspirations. Substantial numbers either aspire to social housing, or will seek it if they are unable to afford to buy. Households with children are particularly likely (if owner-occupation is out of reach) to seek social housing in preference to private rented accommodation, because of the security and affordability it offers.

Only a minority of lower income private tenants actually apply for social housing (although there is substantially more demand than can be met). Of those who don't apply, most see their future in owner-occupation, at least in the long term. Renting privately whilst young and single, before moving on to owner-occupation, represents a common housing career. Therefore, private renting may provide an appropriate housing tenure for younger low-income households. There are also some households that do not apply because they believe that social housing is 'not meant for people like them', or simply do not have enough knowledge about it. The image of social housing, and its location on 'unpopular' estates, also puts some households off applying.

Other lower income households do seek social housing and for some, private renting would not be a tenure they would choose (and/or may be unable to access it due to inability to fund a deposit). Many social housing applicants remain on the register whilst renting privately while others apply following changes to their circumstances which means that the private sector can no longer meet their needs. Improving the access, security, housing conditions and affordability of the private rented sector would enable lower income households to make a more genuine choice between the two tenures.

### Meeting specific needs

The social housing sector also has a key role to play in housing those with specific needs, such as wheelchair users, or very large families who cannot easily meet their needs in the private market. At present however the sector lacks adequate accommodation to do this well<sup>3</sup>. Rising numbers of these households are currently on housing registers, but a decline in the amount of suitable accommodation becoming vacant has reduced the ability of this client group to access social housing.

<sup>1</sup> <http://www.communities.gov.uk/documents/housing/xls/144458.xls>

<sup>2</sup> Department for Communities and Local Government (CLG) (2007) *Homes for the future: more affordable, more sustainable*

<sup>3</sup> Social housing contains 13% of the households with 6 or more persons, but less than 1% of the dwellings with 5 or more bedrooms (SEH, 2005/6);

## Moving into social housing

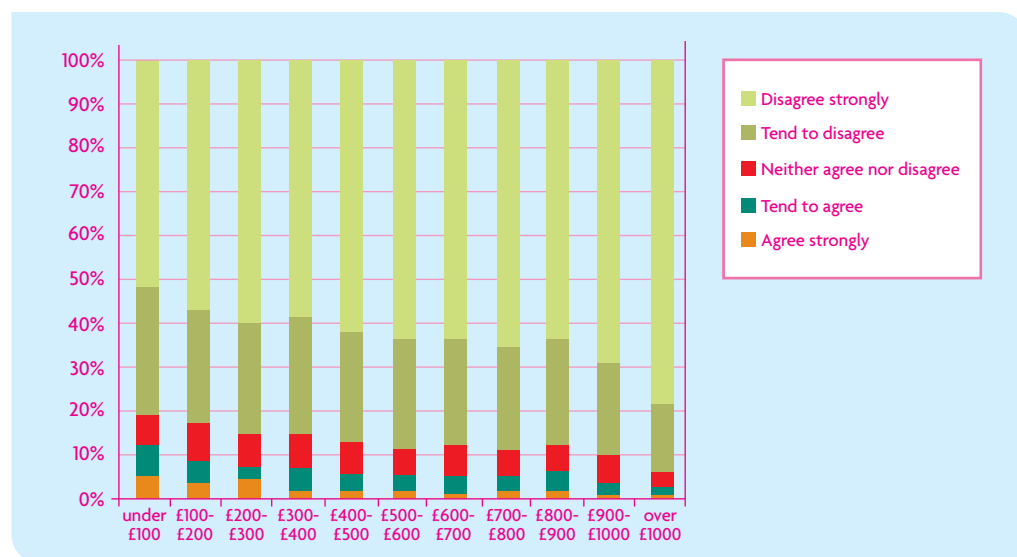
The total number of those moving into social housing has declined steadily over the last five years. There is no evidence at all that this is a result of falling demand: waiting lists grew by nearly 50% between 2002 and 2005 alone, and vacant properties fell by 22% during this same period<sup>4</sup>. Rather it is a consequence of a reduction in properties becoming available for re-letting as fewer households leave the sector<sup>5</sup>. A recent LGA survey showed that demand for social housing had in fact risen in 80% of councils in the last two years<sup>6</sup>.

Those that do enter the sector tend to be on low incomes. Correspondingly, an increasing proportion of heads of households are not in full-time employment. This is likely to be a result of how constrained allocation systems are, rather than a reflection of changing demand.

Only around a third of those who state in surveys that they would like to live in social housing have actually put their names on waiting lists. The number of householders stating that they would like to live in the sector therefore provides a broader estimate of the potential demand for social housing.

As the following chart shows, only a small proportion of homeowners want to live in social housing if they could get it, although numbers are slightly higher in the lower income groups. Given that the majority of households in England are homeowners, this equates to a sizeable 591,000 households stating that they would like to live in social housing (if they could get it).

### Owner occupiers agreeing with the statement “I would like to live in social housing if I could get it” by weekly income



Source: CLG Survey of English Housing 2004/5. See 'sources of information' for further details.

In contrast, private renters are much more evenly divided over whether they would like to live in social housing.

The same pattern appears but renters are significantly more likely to see social housing as a favourable option than owner occupiers in the same income groups. Overall, around a third of households in private rented accommodation say they would like to live in social housing if they could get it, and this rises to 39% in the case of newly formed households.

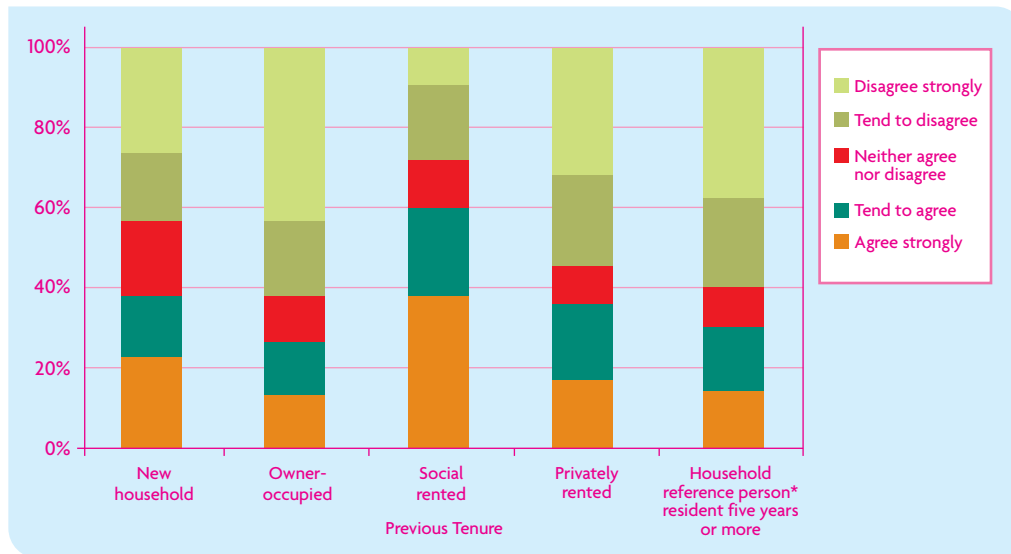
<sup>4</sup> Source: Housing Strategy Statistical Appendix (HSSA)

<sup>5</sup> For further discussion on exits from the sector, see Paper 3 of this series

<sup>6</sup> LGA (2008) *Councils and the housing crisis*



Private renters' agreeing with the statement "I would like to live in social housing if I could get it" by previous tenure



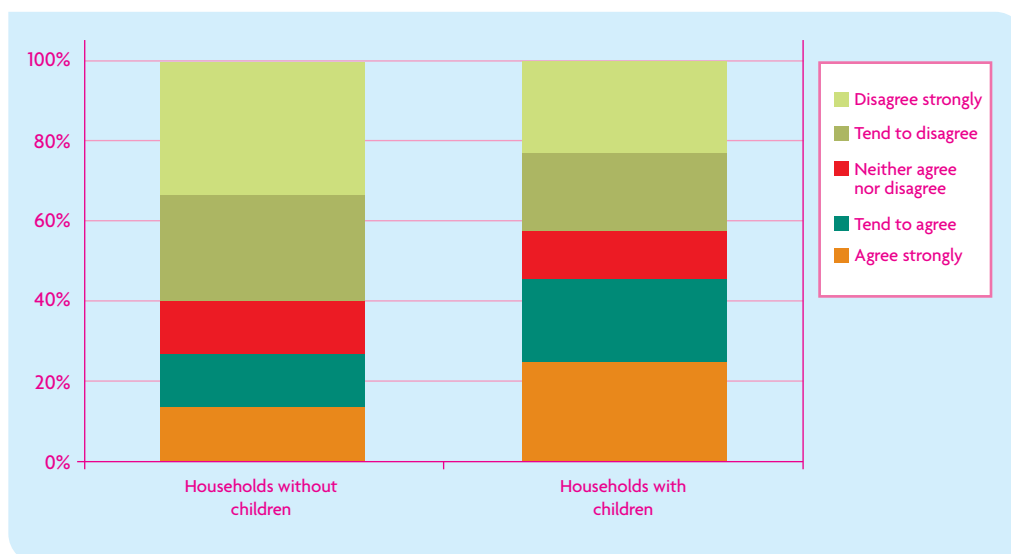
\*The person in whose name the property is rented; in joint households the highest earner; or the eldest where earnings are equal.

Source: CLG Survey of English Housing 2004/5.

The high numbers of former social tenants saying that they would like to return to social housing suggests that leaving the social sector for private rented housing is not normally done out of choice. It may be that many of these households had been evicted, or left for other reasons, such as divorce or to move to a new location. The proportion of ex-owners stating that they would choose social housing is lower than in other groups of private renters, but considerably higher than current owners as illustrated above. It suggests that this group is made up of a mixture of those for whom private renting is a tenure of choice (possibly as a short-term measure whilst relocating and looking for a home to purchase) and those who are no longer looking to return to owner-occupation and thus are now seeking social housing.

Having children has an influence on private renters' interest in social housing, even though, on average, incomes are higher amongst households with children.

Private renters' agreeing with the statement "I would like to live in social housing if I could get it"



Source: CLG Survey of English Housing 2004/5.

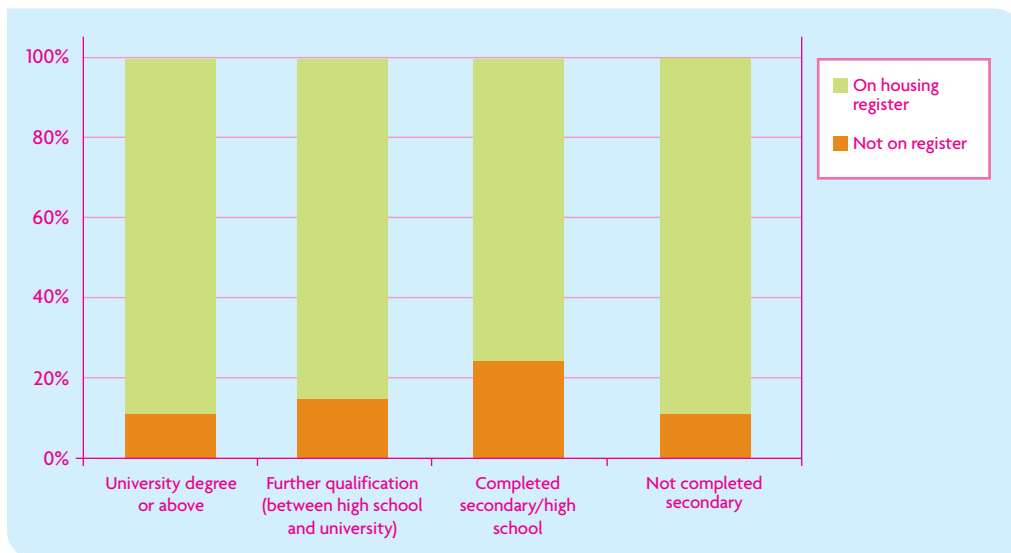
Out of all groups, lower income private renting households with children are the most likely to say that they would like to live in social housing if they were given the choice (two-thirds).

## Characteristics of households that apply for social rented housing

Households in the British Market Research Bureau (BMRB) survey with an income of less than £25,000 were asked whether they were on any social housing register, and why they had or hadn't applied. They were asked similar questions regarding shared ownership, as were other households in London with incomes of up to £50,000 who didn't own their home.

The survey found that under 55s and lower income households are more likely to apply, as are households with children. Amongst those with incomes of under £25,000, people educated to secondary level or less are more likely to have applied for social housing. Only slightly smaller is the proportion of those wishing to move into social housing who hold further qualifications below degree level. The reasons for these differences are discussed below.

### Level of education of low income (<£25,000p.a.) private renters



Source: BMRB Omnibus Survey commissioned by CCHPR 2007.

## Why do people apply or not apply for social housing?

### Why do some households apply?

Amongst those who apply, social housing is seen as meeting their needs. Households who are able to afford their own home, or who think they ought to be able to do so in the future are unlikely to apply. Lower income households are more likely to fail to access accommodation that meets their needs or the security of tenure that they seek. Events such as childbirth, eviction or divorce can also be a trigger to apply for social housing. In most instances, households had applied because their current housing was in some way unsuitable to their needs:

'To find somewhere bigger so that we would have room for our baby and to get somewhere that is not damp and mouldy.'

'Because I have a disabled son.'

'Because I want a permanent home of my own... [I] get sick of looking for new places to live since my divorce and losing my job.'

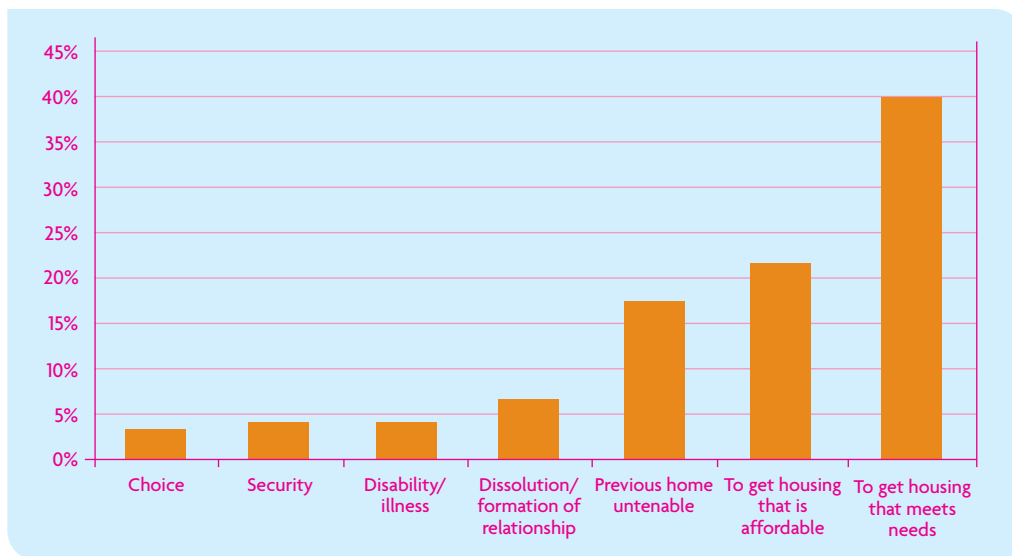
(Survey respondents)



Other households had applied in the past for social housing: some as soon as they were 16, others at a point in time when they were homeless. They were now better housed but still hoping for a social rented home at some point in the future.

The most common reason cited was that social housing would meet the applicant's household needs. The other major reason given was related to cost. Working households with children were the most likely to cite reasons of affordability.

**Reasons for applying for social housing (low income <£25,000p.a. private renters)**



Source: BMRB Omnibus Survey commissioned by CCHPR 2007.

Focus groups undertaken as part of the BMRB research offered further insight as to the reasons why some households apply for social housing. What emerges most strongly is the sense that those within the sector had no other choice of tenure. For many low-income households social renting is clearly the only tenure ever considered, or at least the only long-term one, once they have children. Many households found themselves in severe housing need prior to moving into social housing and were thus keen to take whatever was offered to them:

*'I lived on the streets for several years..... I was in London that's the only place where it was actually possible to get housing because there was a lot of public focus on it...'*

*'I was living in...Road before, on one of the estates there. In fact that one was too small and we had only one room and I had my three children. So it took us a long, long time before we even got the [local estate] one, and then I was there for a long, long time before I got this one.'*

Despite the lack of choice they were offered, tenants were generally happy with social housing as a tenure. Some had previously lived in private rented housing and had suffered difficulties with poor quality housing or landlords with little respect for their tenants:

‘When I went there the place was so foul and stinky, the old drain was open at the back and water could come out. I said to him “are you going to fix it?” and he said “no I am going to leave it to you to fix it”

‘But the private landlord, he can be brutal to you, he can send some people to throw you out, change the locks etc but the council have the rules and regulations...’

‘I’ve done it in the past and they [landlords] can be really nasty and say “We want the flat” “When do you want it?” “Tomorrow!” “No the law says...” “I don’t care what the law says, get out”

For many others, the rent in private housing was simply too expensive, especially in London where the difference between rent levels and housing benefit was particularly stark:

‘Where I am living now the agreement is for £175 a week. The [housing] benefit that I get is only £140 per week so I have to pay from my pocket £35 every week which I cannot afford to pay.’

Most tenants in London who had rented privately had therefore lived in shared housing, which brings its own difficulties and challenges:

‘It’s not very convenient...We need to share the toilet and we have to queue for the bathroom.’

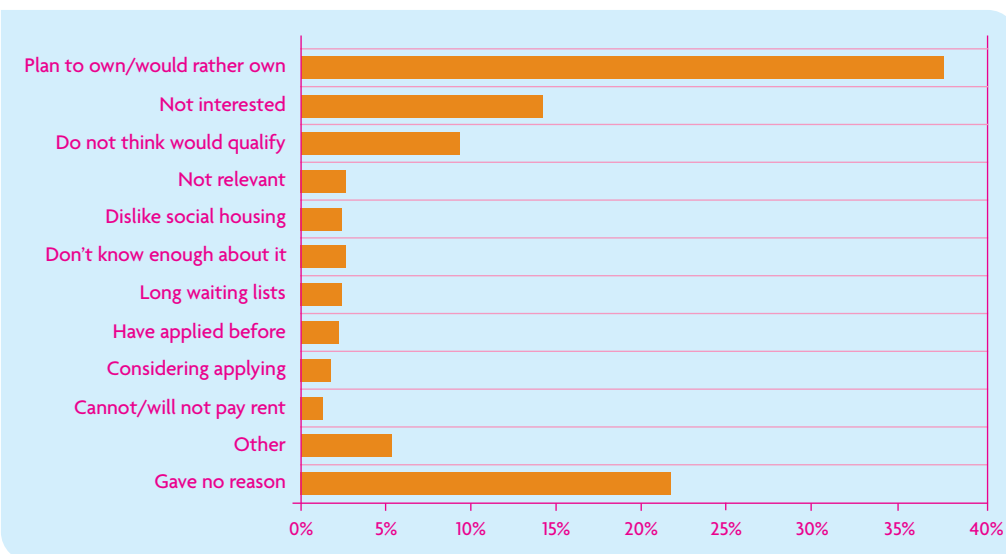
‘I’m hoping to get a better house, not sharing with anybody because this tenant has been difficult...He is the landlord’s brother, so the landlord does nothing.’

It is obvious that for many tenants, social housing provided a much-needed secure home at a time when life was difficult and other options were highly constrained.

## Why do other households not apply?

It is interesting that 85% of non home-owning households in this survey with incomes of under £25,000 had not applied for social housing. This is surprising, given that there are very few areas of the country where this sort of income is sufficient to purchase a home on the basis of a mortgage alone<sup>7</sup>. Yet aspirations to own a home are by far the most commonly cited reason for not applying for social housing.

### Why low-income (<£25,000p.a.) private renters do not apply for social housing



Source: BMRB Omnibus Survey commissioned by CCHPR 2007.

<sup>7</sup> CLG live tables on housing market and house prices suggest that lower quartile house prices were under £100,000 in only 20% of districts, and under £80,000 in only 5%. (2006, quarter 4 data).

This would seem to suggest that either a great many households are unrealistic about their housing options or that, although currently on low incomes, many believe that their incomes will increase in the future, or that they will have access to finance from other sources (such as savings, inheritance or assistance from family).

Other reasons were to do with the 'stigma' associated with social housing and the perception of social housing estates as 'bad' neighbourhoods. People who perceive themselves as middle class may be less likely to apply because of negative attitudes towards social rented housing and a belief that it is not for 'people like them':

'I don't think its necessary for me - it's something for the under-privileged.'

'I am not lazy. I have got myself a career and I don't want things handed [sic] me on a plate.'

(Survey respondents)

Others believed that they would not qualify, or were aware of long waiting lists and knew that they would not have high enough priority:

'The chance of getting one I imagine is non-existent - somebody like me who works and has an income would not be entitled to anything.'

'We have been told by the Council we would be wasting our time as we are not a priority.'

(Survey respondents)

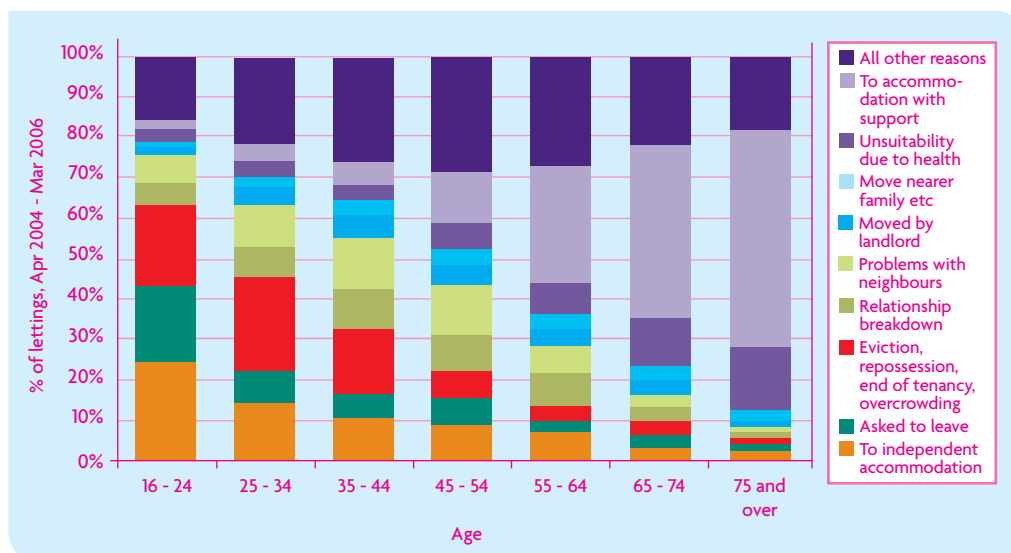
Lack of interest was another reason for not applying. Many were content with their current housing situation or had simply not thought about it.

## The profile of households moving into social housing

### Reasons for entering social housing

CORE (Continuous Recording of lettings and sales database) data provide some insight as to the reasons for entering the social rented sector, as the following graph shows. To some extent, these 'reasons' reflect the criteria on which social housing is allocated. It is the prioritising of households with defined levels of housing need, together with the composition of the available stock, that determines which of the many applicants are allocated a home. The final profile of new entrants to the sector is therefore determined by allocations systems just as much as by which households choose to apply.

Reasons for moving in, by age group



Source: CORE 2005/6.

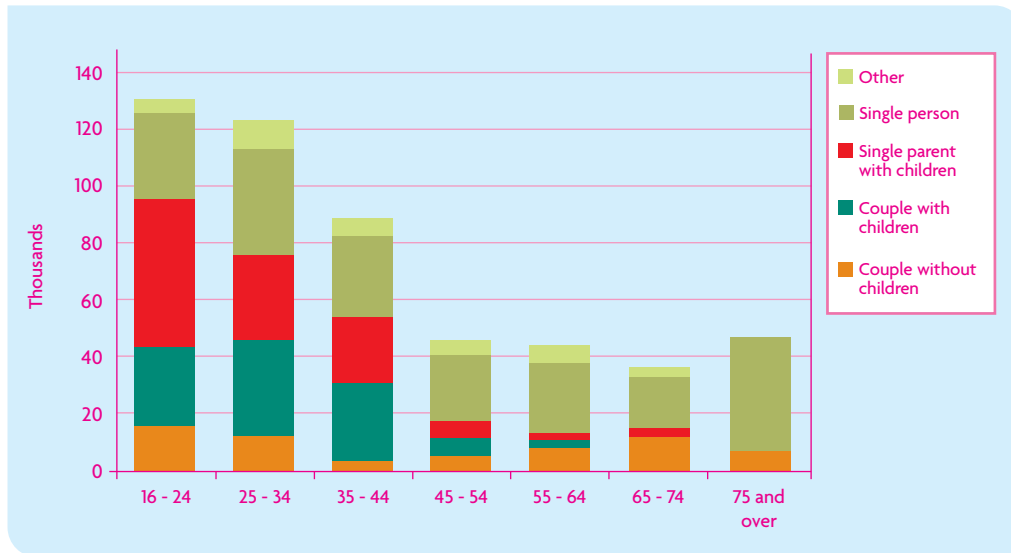
## Age, previous tenure and household types

Most households (66%) enter social housing between the ages of 16 and 45, either as newly forming households or from the private rented sector.

Those over the age of 75 entering the sector mainly do so in order to access more suitable or supported accommodation, or to be nearer their family. It is this age group that were most likely to have been owner-occupiers. Households moving from owner-occupation were more likely to contain a disabled member.

Almost 50% of new tenancies are granted to single person households, although as discussed earlier, there is high demand from families to access social housing. The high proportion of lettings to single people is likely to reflect (i) the high proportion of one-bedroom properties within the sector, (ii) the high turnover of this type of stock, and (iii) the acute housing need (e.g. homelessness) of some of these households. Single people and single parents represent by far the largest proportion of new entrants to social housing, with couples (with or without children) being in a minority.

### Age group of new social tenants household reference person\* by household type



\*The person in whose name the property is rented; in joint households the highest earner; or the eldest where earnings are equal.

Source: CLG Survey of English Housing 2005/6.

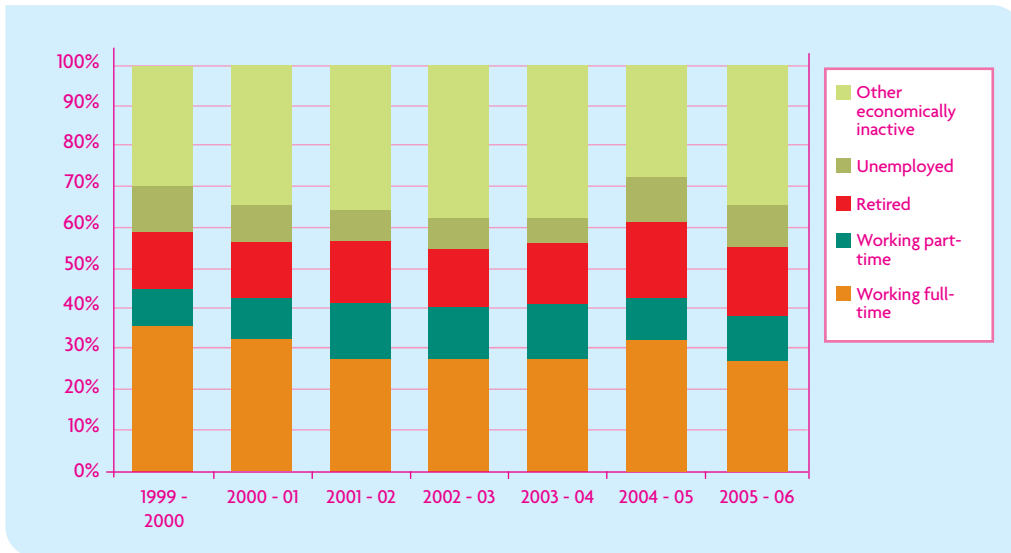
Looking at this by age, most of the younger entrants to the sector are single parents and couples with children. Single people enter in similar numbers across all age groups and therefore comprise the majority of entrants aged over 45.

## Incomes and economic status

Household incomes of new social tenants are generally low, averaging between £100 and £300 a week. Former owner-occupiers moving into the sector had higher average incomes, especially those who had a mortgage.

The declining number of households entering the sector does appear to have had an effect on the economic profile of new entrants. Those in full-time employment appear to be the group finding it most difficult to enter, possibly because they are less likely to be in acute housing need.

**Economic activity of household reference person\*: new entrants to social housing**



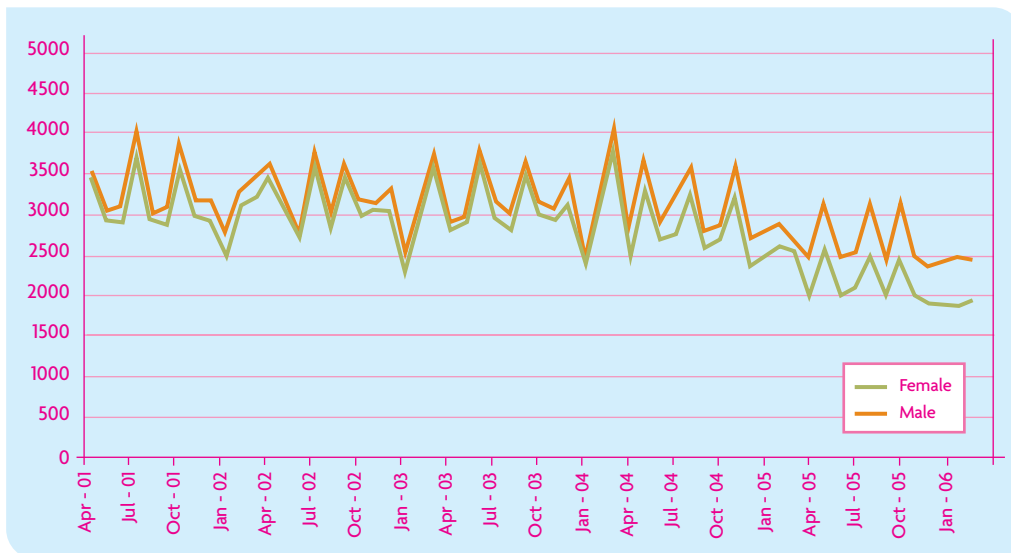
\*The person in whose name the property is rented; in joint households the highest earner; or the eldest where earnings are equal.

Source: CLG Survey of English Housing 2005/6.

**Gender**


Almost 50% of new tenancies are granted to single people of which slightly more than half are male.

**Monthly lettings to single adult households, by sex**



Source: CORE.

Among women, a not insignificant proportion of lettings are to young adults under the age of 25. By far the greatest proportion of lettings in the period 2001-2006 though, has gone to those aged 65 or over. This can be attributed to the larger numbers of single women in this age group, which is not the case amongst young women.



In contrast, new male tenants are predominantly in the 'middle age' bracket. The reasons for moving are broadly similar between the sexes in this age group, though slightly more men move after being asked to leave, or because of problems with neighbours, or to move to receive support. Women are more likely to move to be nearer family, or after eviction or repossession.

### **Lone parents**

As might be anticipated, the vast majority of lone parent tenants are women (fewer than 10% are male). This proportion was broadly stable across the period 2001-06, although the absolute number of lettings to lone parents fell in line with the overall trend in lettings recorded in CORE.

The great majority of lettings are to opposite-sex couples, with only slightly less than 2% to same-sex couples, with or without children.

### **Disability**

As discussed in the first paper of this series, social housing contains disproportionate numbers of households whose members include someone with a disability. Around 17.5% of new entrants to general needs housing had a member who considered themselves disabled, whilst 3% were wheelchair users<sup>8</sup>.

In terms of demand for social housing, households with wheelchair users or disabled members, alongside households with children, are amongst the most likely groups to seek entrance to the sector. Disability and wheelchair use are relatively more common in households without children. As one might expect, wheelchair use is least common in the youngest age group, and most frequent amongst households with members over the age of 75, thus the likelihood of having a disabled household member increases with age.

<sup>8</sup> The analysis presented here and below is limited to general needs lettings, though clearly the supported housing sector also plays a role in housing provision for people with disabilities.



## Conclusion

Demand for social housing has been increasing relative to supply for a number of years and may increase even further. This is reflected in the growing numbers of households registering on housing waiting lists.

Homeowners are less likely to express an interest in entering the social rented sector, compared to private renters, particular those on lower incomes. However, only a minority of these actually apply in the end. This is often due to the fact that they don't think they would have a high enough priority, but more often because they see their long-term future in owner-occupation. Private renters with children are most likely to favour social housing if given the choice, as are former social sector residents. 'Better-educated' and childless individuals are particularly unlikely to have considered social housing.

One of the most common reasons for applying is the unsuitability or unaffordability of current accommodation. Many of those applying for social housing have had very negative experiences with the private rented sector, and despite a lack of real choice, feel that entering social housing is a very positive move.

Those under the age of 45 make up the majority of new entrants to the social rented sector and most will have entered as newly formed households or moved from private rented accommodation. Whilst single households enter the sector in similar numbers across all age groups, couples and lone parents are the majority in the younger age band. Most new entrants are on low incomes, with the exception of some of those coming out of owner-occupation. In general the overall decline in the numbers of new entrants can be attributed both to fewer households leaving the sector as well as an under-supply of family-sized accommodation.

## Sources of information

The original research and source document can be found at:

Housing Corporation (CRMI)  
[www.housingcorp.gov.uk/CRMI](http://www.housingcorp.gov.uk/CRMI)

Cambridge Centre for Housing and Planning Research (CCHPR)  
[www.cchpr.landecon.cam.ac.uk/](http://www.cchpr.landecon.cam.ac.uk/)

Most of the data in this paper are from one of the following:

Survey of English Housing  
[www.communities.gov.uk/housing/housingresearch/housingsurveys/surveyofenglishhousing](http://www.communities.gov.uk/housing/housingresearch/housingsurveys/surveyofenglishhousing)

Census 2001  
[www.statistics.gov.uk/census](http://www.statistics.gov.uk/census)

Housing in England 2005/2006  
[www.communities.gov.uk/publications/housing/Surveyenglishhousing](http://www.communities.gov.uk/publications/housing/Surveyenglishhousing)

Housing Strategy Statistical Appendix (HSSA) data  
[www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/](http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/)

CORE lettings data  
[www.core.ac.uk](http://www.core.ac.uk)

RSR Survey  
[www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk)

These are available from government websites. Many statistics are brought together in the annual UK Housing Review published jointly by CIH and the Building Societies Association. [www.cih.org](http://www.cih.org)

The specific research for this paper consists of a survey of people leaving the sector, another survey of tenants carrying out mutual exchanges, and interviews with housing staff.

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