

Take-up on downsize: how to improve housing mobility in social housing

Family Mosaic: an introduction

Family Mosaic is one of the largest housing providers in London and the South East.

We provide affordable homes to rent and buy as well as care and support services to thousands of people who need extra support.

We have around 23,000 homes for rent and serve more than 45,000 people.

We provide a range of opportunities for our customers such as training, employment and access to learning.

We partner local communities to make our neighbourhoods better places to live.

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SUMMARY Take-up on downsize

The housing crisis in London is getting worse. We cannot solve it without building homes. But we cannot solve it by building alone. We have to make better use of our existing stock. By improving housing mobility we can increase the number of new social housing lets, thereby reducing housing need and improving our current and future residents' health, wealth and wellbeing. The question is: how do we do this?

Tackling under-occupation is the obvious place to start – and it has been tried before, albeit with limited success. After all, if more residents living in large homes downsized to smaller ones, then more families in overcrowded homes could move, and more homeless families or households on waiting lists could be housed.

So how many residents want to downsize?

We asked over 700 residents if they wanted to move, and, if so, why. When we examined the data in detail, we found 12% were living in under-occupied homes, but only 3% said they wanted to downsize. If we apply these figures to our total resident population, between 750 and 3,000 households are potential downsizers.

So what's stopping them from moving?

We asked our residents about their willingness to move. Analysing their responses, we identified four themes: physical context, debt, emotional connections and wellbeing. We can use this information to encourage housing mobility by employing dedicated mutual exchange officers who adopt a personalised approach and match downsizers with appropriate properties.

But this won't be enough. When we asked residents who want to downsize what was stopping them, half said there weren't enough smaller homes available for them to move into.

We decided to test whether this was actually the case. We ran an algorithm to determine the optimum match between our housing stock and our existing resident household types. We found that we have enough one and two-bedroom homes to house residents needing one or two bed homes. The issue is that when these homes become empty, we don't decide who moves in to them.

If we want to reduce housing need by tackling under-occupation, maybe we need to think more radically. Our suggestion is that we need to work with local authorities to develop new nominations processes. If we could nominate our residents who want to downsize into all our empty or newly-built small homes, then we could offer the larger homes they vacate to local authorities. The result will be more people – in particular, families – moving out of temporary accommodation, off waiting lists and into social housing.

In 2014/15, there were 5,680 relets and 2,040 new lets in London: if housing associations could nominate 7,720 under-occupiers to move into these homes every year, the knock-on effect across social housing in the capital would be huge.

Using this approach, more people will benefit from living in social housing. More Londoners would be able to move into more appropriately sized homes. More councils would reduce costs on temporary accommodation. And the health, wealth and wellbeing of more families would be improved.

1 Introduction

In 2014, there was a housing crisis in London. Thousands of homes were overcrowded. Thousands of families were living in temporary accommodation. Thousands of people were paying prohibitive rents because of a lack of affordable housing.

For Londoners who were adequately housed, the crisis might not have been visible. For us, the reality of the crisis for poor, vulnerable and young people was evident on a daily basis.

In conjunction with other housing experts, we developed a housing strategy for the capital called *London Calling*. In it, we set out a holistic approach, focusing not just on the supply of housing, but also on demand side pressures and how we could make better use of existing housing stock.

Three years since then, the housing crisis has got worse. In July 2016, for example, the Local Government Association (LGA) warned that four million working people across the UK would not be able to afford a decent place to live within the next decade: that's one in every ten working people.

Simultaneously, there has been a rise in homelessness – in 2015, it rose by 6%. And in 2016, a survey by the LGA found 78% of councils believed homelessness will continue to grow over the next five years.

Rough sleeping has also increased – by 30% – and the use of bed and breakfast accommodation was 20% higher in 2015, affecting 2,600 families with children at any one time.

Some commentators might point to the fall in housing waiting lists in London to below 228,000 on 1 April 2016 as a sign that the crisis has abated. This fall, however, has not occurred because more people have been housed. It's the result of changes to residency rules that have been designed to remove people from the waiting lists. In Hammersmith and Fulham, for example, you must have lived in the borough for at least five years before you can go on the waiting list.

So what's the solution?

The sole focus of most politicians and many commentators continues to be on building new homes. The reality, though, is that only 22,500 new homes are built in London every year: and of these, just 7,000 are affordable.

To put this into perspective, in 2011 there were over 786,000 households living in social housing in London. So these 7,000 newly built, affordable homes, represent under 1% of London's total social housing stock. On its own, housebuilding will not solve the crisis.

What about existing stock? New social housing lets due to churn – because of people moving out, or moving on – account for 7% of existing social housing stock. The ability of people to move homes within social housing, however, acts as a constraint on this figure. The purpose of this report is to examine whether we can improve housing mobility and increase the number of people moving into social housing.

The obvious place to start is with under-occupation: if more residents in under-occupied homes moved to smaller homes, then more families in overcrowded accommodation could move into appropriately sized homes. And more families in temporary accommodation could move into social housing.

By improving mobility within social housing, could we increase the number of new lets at a fraction of the cost of the sector's development programme?

This is, after all, not just about providing homes for vulnerable families. It's not just about reducing overspending on inappropriate, temporary accommodation. It's also about reducing overcrowding and the impact it has on thousands of families. It harms children's health, and their educational attainment. It has a negative impact on family relationships. And its cost to the wider economy is over £500 million a year.¹

This research sets out the barriers to housing mobility and suggests some ways in which it can be improved.

1 – Handy, C and Gulliver, K. (2010) Mutualism rising? Housing's vital role in the 'Big Society'. Think Pieces, 65, London: Compass.

Defining under-occupation and overcrowding

For the purposes of this report, we have defined under-occupation according to the criteria used in determining whether you are liable to the bedroom tax.

These criteria state that your home is too big for you if you have more than one bedroom for each of the people listed below:

- each adult couple;
- each other person over 16 years old;
- a disabled child who cannot share a bedroom with another child because of their disability;
- two children of the same sex under the age of 16 years old;
- two children under the age of 10 years old, regardless of their sex;
- any other child.

The bedroom tax size criteria make no mention of overcrowding, but for the sake of this report, we have used the bedroom tax criteria as the basis of our definitions of when a home is under-occupied or overcrowded, primarily because it is most relevant to the social housing sector.

If a household has one fewer room than the bedroom tax size criteria would allow them, we've defined them as being overcrowded, and in need of one more room.

If a household has one more room than the bedroom tax size criteria would allow them, we've defined them as being under-occupied, and having one spare room.

2 Methodology

To understand how our residents perceived housing mobility, we sent an email to our residents inviting them to take part in an online survey. Over 700 residents completed the survey, although they didn't all answer every question.

By comparison with our resident population, we received a higher number of responses from female residents – 71% compared to 63% in our resident population. The age of our respondents, however, mirrored that of our resident population.

Figure 1: Research sample, by gender, compared to Family Mosaic resident population

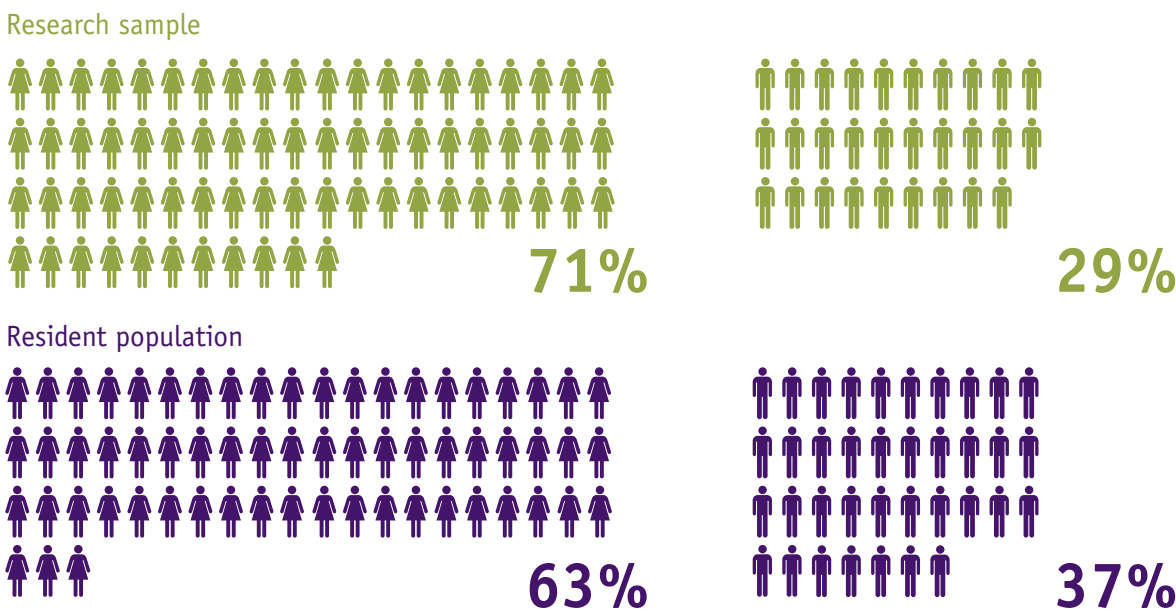
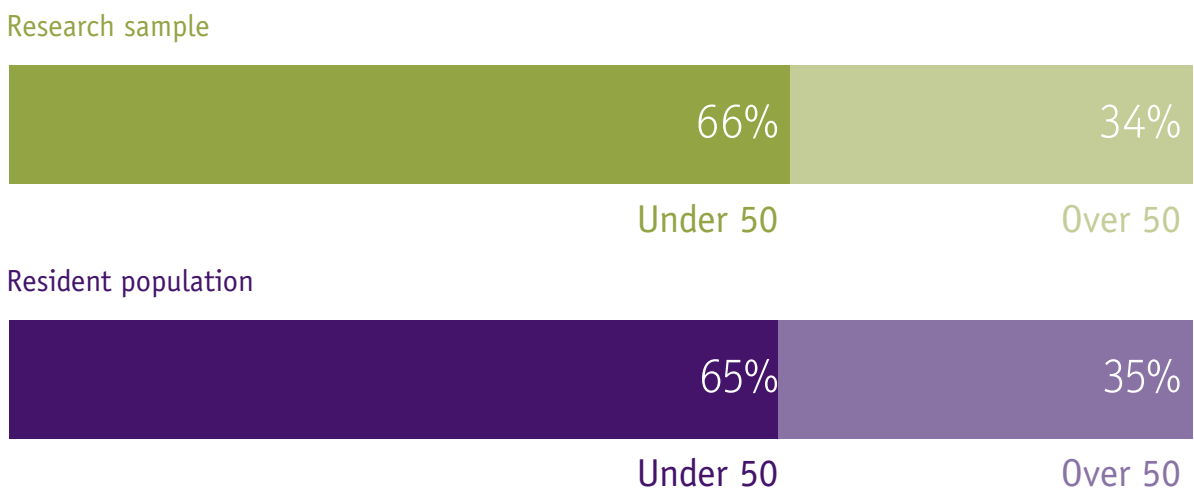


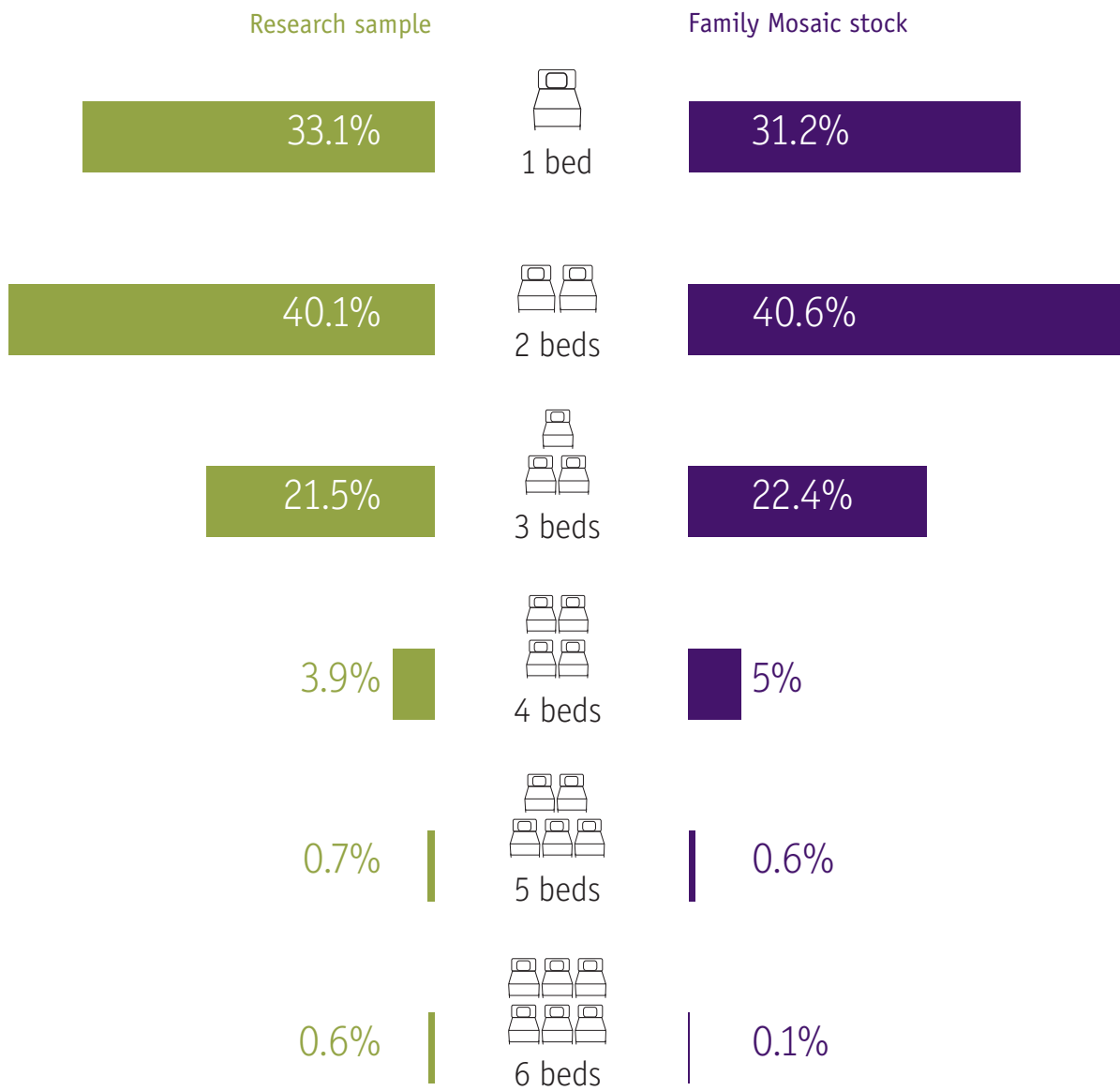
Figure 2: Research sample, by age, compared to Family Mosaic resident population



Then we looked at the number of bedrooms in each respondent's home, and compared these to our overall stock levels. We wanted to ensure the research sample was representative of our resident population, and not slanted towards any specific

household type. Most were statistically similar (see figure 3). The one household type in which the survey respondents were over-represented was families with six-bed homes: 0.6% of the survey respondents, compared to 0.1% of our stock.

Figure 3: Research sample by number of bedrooms in each respondent's home



3 Mind the gap

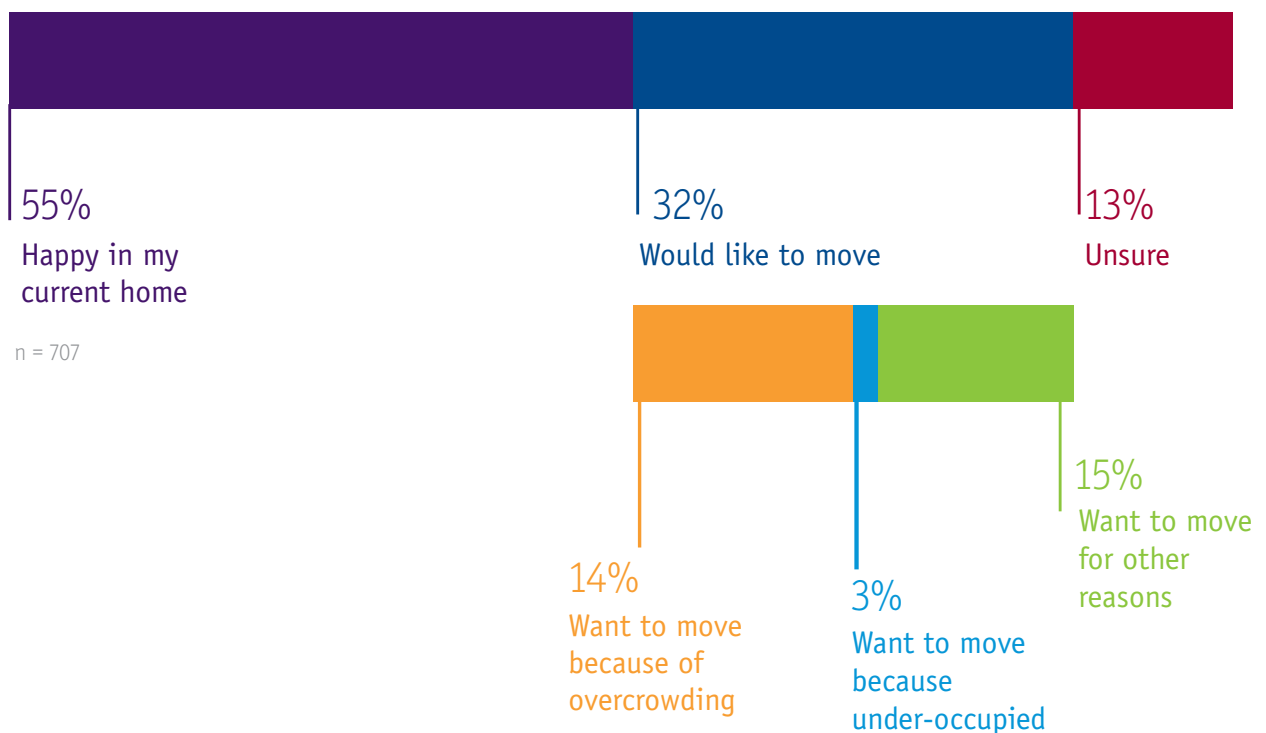
The first question we asked our residents was whether they wanted to move from their current home: a third of our respondents said they did. This, in itself, is a revelation. If we apply this figure to our overall resident population, it equates to over 8,100 residents who want to move. If this is the case, then we need to make it easier for them to do so. Making it easier for them to move not only benefits them, it also benefits those who move into their home.

We then asked those people who said they wanted to move why this was the case. Most said it was either because their home was overcrowded or for other reasons, including location, suitability of their home, financial or health issues.

Only 3% of the total said they wanted to downsize. Applying this figure to our resident population equates to about 750 households. So while a third of our residents want to move, relatively few of them want to downsize. Yet while 750 households might sound small, it's about the same as the number of new homes we build every year. By tackling under-occupation, we can double the impact we're having on reducing housing need.

We also asked respondents about the number of bedrooms in their home, and the number of adults and children living there. Of the 707 people who responded to the survey, 534 provided this detailed information.

Figure 4: Do you want to move from your current home and, if so, why?

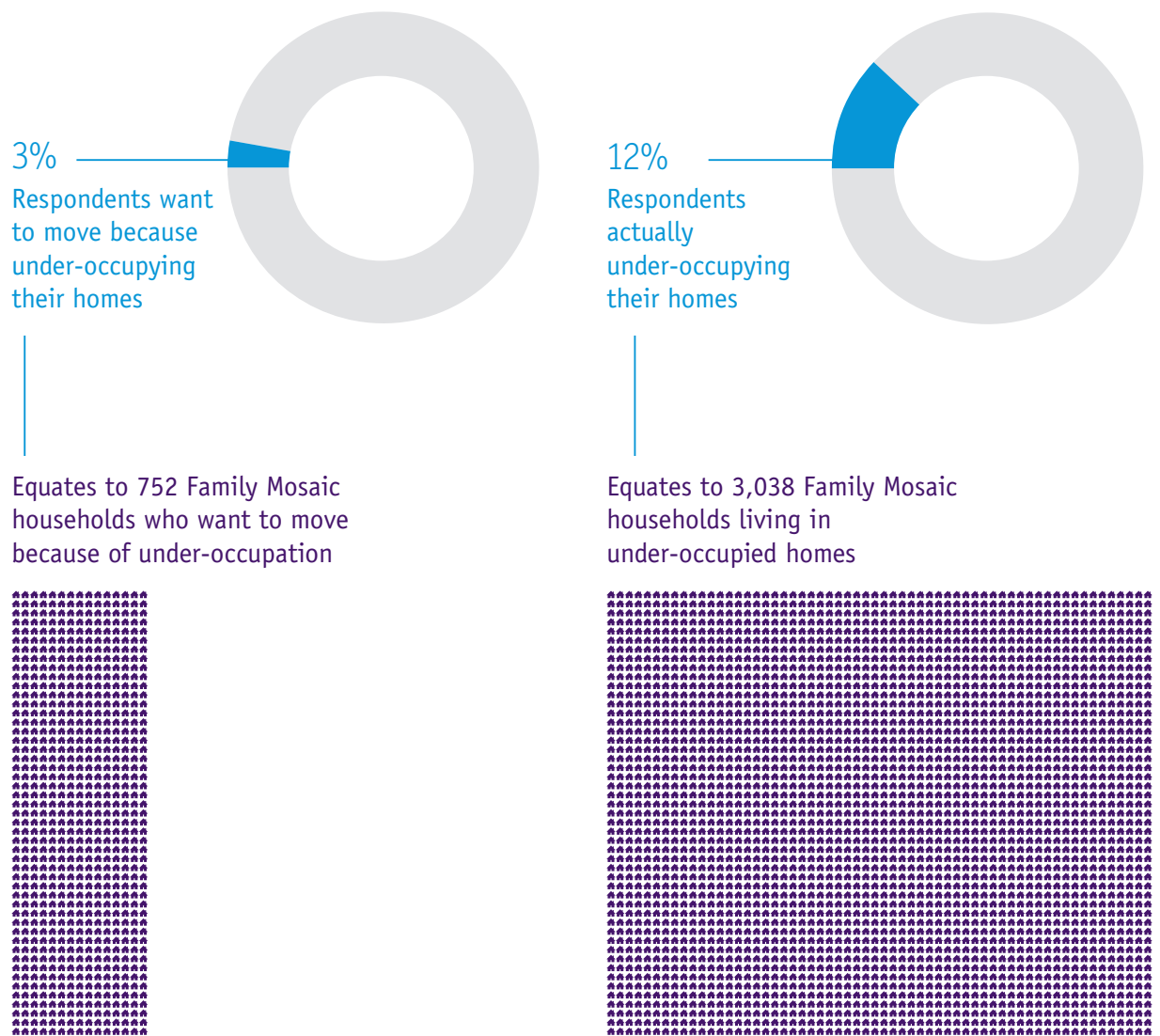


By examining these responses in more detail, and applying our definitions of under-occupation and overcrowding (see page 5), we could work out the numbers of homes that were perfectly occupied, under-occupied or overcrowded.

Working through the data by this process, we found that 27% of the respondents were living in

overcrowded accommodation, while 12% were living in homes that they were under-occupying. Applying this latter figure to our overall resident population would mean that over 3,000 properties are currently under-occupied by our residents. If we were able to encourage this number of residents to downsize, we could create significantly more mobility in social housing.

Figure 5: Respondents vs data analysis



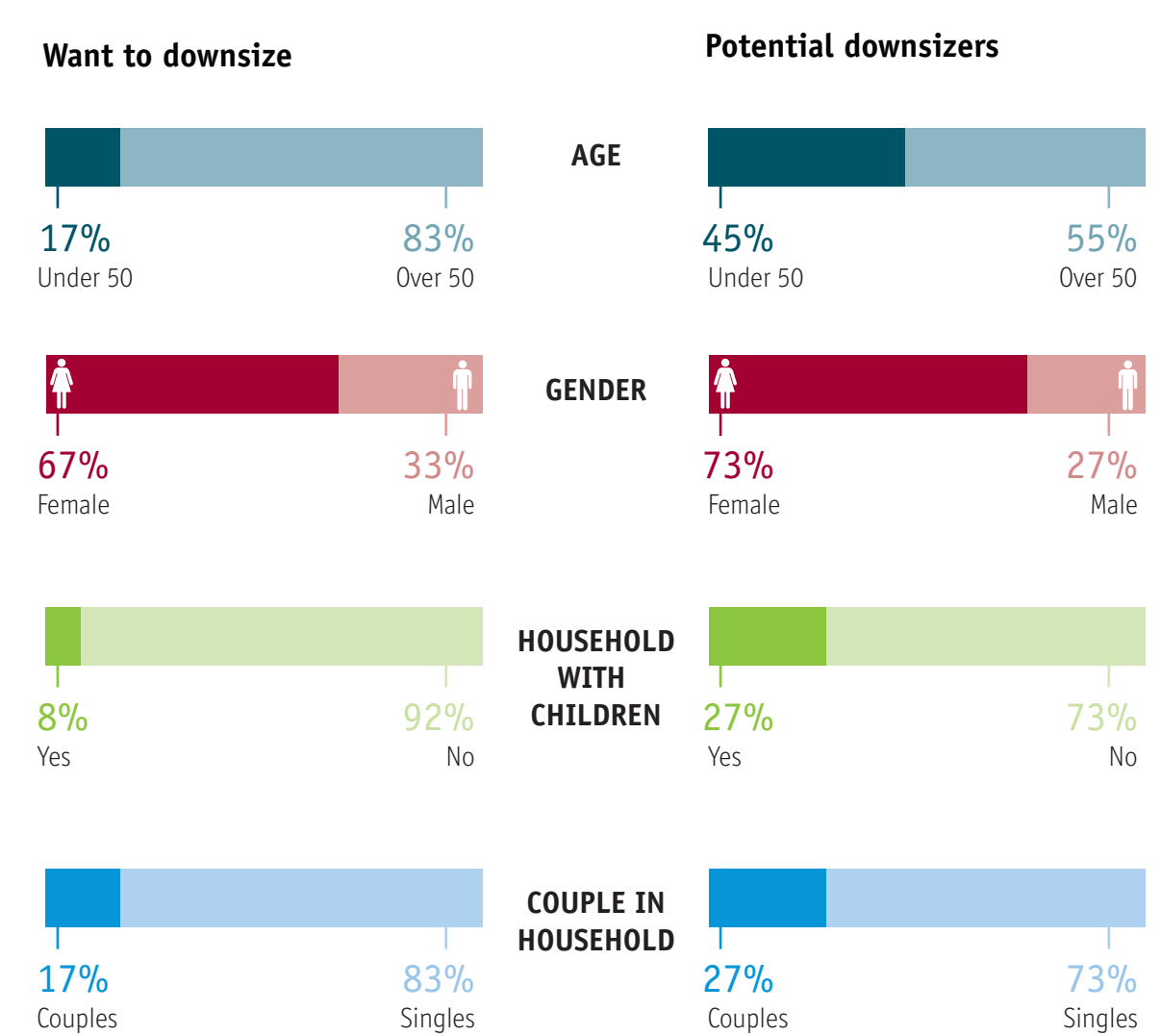
n = 20

We have two groups of downsizers: those who say they want to downsize; and the potential downsizers, those who are under-occupying their homes but have not expressed an interest in moving.

Are there any differences between the characteristics of the two groups that might be of relevance?

As can be seen in figure 6, those who said they want to downsize tended to be older, didn't have any children living at home with them and most lived as single people. The potential downsizers tended to be younger, and more likely to have children living with them. Yet the majority of them were also aged over 50, three quarters didn't have children living at home with them, and less than a quarter of these households had a couple living under the same roof.

Figure 6: Characteristics of those wanting to downsize, and those living in under-occupied homes



By comparison, 90% of those who said they wanted to move because they were living in overcrowded accommodation were aged under 50, while 79% of them had children under the age of 16 living at home with them. These findings are as one would expect: residents who want to move because they're living in overcrowded accommodation tended to be younger and living in a household with children.

Those wanting to downsize, or those living in under-occupied accommodation, tended to be older and were less likely to have children living at home.

How can we enable those who want to downsize to do so, and persuade those who are living in under-occupied homes to move? To find the answer, we need to find what's stopping people from moving.

Figure 7: Characteristics of those wanting to move because of overcrowding

Want to move because overcrowded



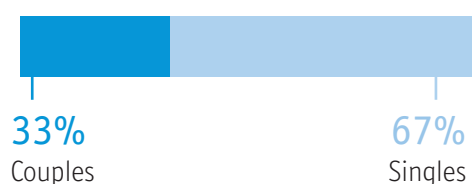
AGE



GENDER



HOUSEHOLD WITH CHILDREN



COUPLE IN HOUSEHOLD

4 To move or not to move

To find out what might be stopping downsizers from moving, we conducted a mix of interviews and focus groups with residents to discover what they thought about moving home: the benefits, the drawbacks, the obstacles and the problems.

Candidates were identified through a phone survey of several hundred residents we believed were either under-occupiers or overcrowders. We then chose a balanced sample set between under-occupiers not wanting to move and under-occupiers who wanted to move. We wanted to identify the barriers stopping the former, the benefits espoused by the latter, and whether any of these benefits could change the minds of those who didn't want to move.

Moving home is a highly sensitive topic, whether you live in social housing or you own your home.² It's charged with issues and inter-related themes. By coding and analysing the interviews with our residents, we've identified four key themes that affect residents' willingness to move.

Physical context

We define physical context as being the material surroundings of people, in both their home and their neighbourhood, including local amenities, the location of their home and the physical space of their home. It was an issue that was raised repeatedly by our interviewees.

The language they used around physical space confirmed a common theme: bigger means better.

A bigger house, more space, more rooms, all intimate that the occupant of the home has moved forward in life. A smaller home with fewer rooms is perceived as being a move backwards.

As a result, the size of a home is equated with direction and movement in life. From this perspective, upsizing is a positive step, whilst downsizing is a negative one.

*"I don't want to move to a one-bed place because I've got used to the space. The other room is like a studio – I've got my computer in there, my books in there, my CDs, my DVDs. Instead of downsizing, I would rather upsize. For me, downsizing would be like **going backwards**, when, for me, there's no reason to go backwards. My sight is forwards."*
(under-occupying resident)

Can we frame physical context in a different way to change people's willingness to downsize? Could we present it as a step forward for older people, whereby they would be moving into an appropriately sized home in which they could live a longer, more independent life in a more manageable home? Or are societal beliefs around size too entrenched?

Debt

The cost of moving, and debt in relation to moving, were common themes amongst interviewees. For those looking to downsize, however, it wasn't just financial debt that was their main concern. It was also the time, emotion and resources they had invested into furnishing and making their home a good place to live that created a sense of debt.

² - See, for example, *How to improve housing mobility*, Chartered Institute of Housing, 2012, p3

One interviewee struggled with the idea of downsizing as she thought she was already living in her final home, and, as a consequence, had invested a lot of time and effort into making it her own.

*“I spent an awful lot of money getting this place and when I moved here I said this is going to be my final home. I’ve put so much into it. When I moved here, I was already downsizing, I didn’t take anything. **Everything I’ve got here, I’ve bought.**”*

(under-occupying resident)

Financial debt was raised by interviewees, but this tended to be about the actual costs of moving. We need to be aware of both of these interpretations of debt when promoting downsizing to our residents.

Emotional connections

Another common theme was the negative and positive emotional connections residents have with their current homes. Interviewees talked about happiness, comfort, anxiety, anger and stress when reflecting on where they lived, or might live. There is a clear link between physical context and emotional connections:

*“I use the extra space when my grandchildren or friends or family come to visit. But now I realise I have to let that go... **I’m probably not going to feel good...** I’ve got 18 grandchildren and they’re always around me, so it’s a sacrifice I’m going to have to make because I won’t see them as often, because I won’t have the space.”*

(under-occupying resident)

The positive emotions of relaxation and feeling empowered are associated with having more space. Negative emotions of anxiety, worry and stress are associated with sacrificing or not having enough space. So willingness to downsize is not just about the physical reality of having less space. It’s also about the emotions associated with the decision. And these negative emotions can make residents less likely to downsize.

Is there a way to use nudge behavioural theory to placate these negative emotional responses so that residents are more likely to want to downsize?

Wellbeing

The final theme residents talked about was the impact that moving would have on their wellbeing, by which they meant their health, social networks and personal space. As well as reflecting on the impact moving would have on their own wellbeing, they also talked about how it would affect the wellbeing of their family members and friends.

*“I need to stay in this location for more than one reason. My daughter... has breast cancer, so we’re going through that now... and my son is very ill as well. It’s a lot. I grew up in this area, I went to school in this area... fortunately, my kids keep an eye on me so **I’ve got a support network.**”*

(under-occupying resident)

Support networks, health and family were often implicitly linked by interviewees. The resident quoted intimates how moving would not only rupture her own support network, but would also

impact on her daughter and son, having a negative impact on her wellbeing and her family's wellbeing, even though they no longer lived with her.

Wellbeing is linked with the physical space and location of residents' homes, and social housing providers need to consider locality and social networks as a priority when helping or incentivising

residents to move. Wellbeing is one factor residents might not be willing to sacrifice when deciding whether or not to move.

It's clear there are a range of positive and negative responses associated with moving related to each of these four themes. How can we address the negative associations with moving summarised in figure 8?

Figure 8: Positive and negative associations with moving



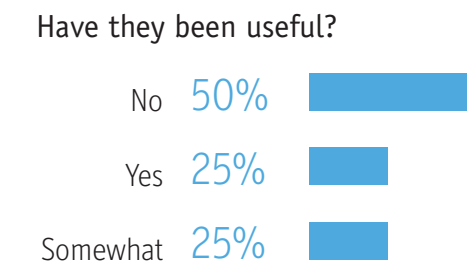
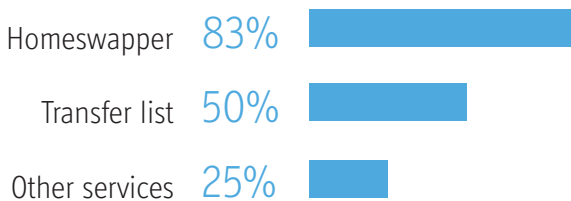
5 Improving the offer

How, then can we overcome the barriers identified in the last chapter? Traditionally, social landlords have used two models for promoting housing mobility: mutual exchanges, and internal transfers. We asked respondents who said they wanted to downsize which services they had used to help them.

The most popular service for residents looking to downsize, and for those looking for a larger home, was Homeswapper. Over 80% of downsizers had used this service, while half had put themselves onto our internal transfer list. A quarter had used other services to help them to downsize.

The problem is that despite the enormous demand for family size homes, only 25% of those looking to downsize had found these services useful. So how can we make these services more helpful to our residents looking to downsize?

Figure 9: Services used by residents wanting to downsize



Mutual exchanges

Employing dedicated mutual exchange officers is one way of making it easier for residents to downsize. Typically, however, this role has been combined with that of a generic lettings officer and, as a result, new allocations tend to take priority. Void turnaround times are entrenched in the KPIs of housing associations, but these are purely financial incentives and not strategic housing goals. A dedicated mutual exchange officer would be more focused on the resident’s needs, and able to manage mutual exchange caseloads.

In addition, mutual exchange officers will be able to be more effective – for residents and for their respective housing association – if their role extends beyond mere case management. This would involve them taking a person-centred approach, using the insights highlighted in this research around willingness to move, as well as being more pro-active in identifying and supporting under-occupiers.

We know most of our residents who want to downsize, and most who are living in under-occupied homes, are aged over 50. Some might be digitally excluded. Others might be unwilling to spend time trawling through sites like Homeswapper. They might have concerns about the practicalities of moving, the financial implications or their own health requirements.

Our *Health Begins at Home* research into older people with long-term health conditions has shown that having access to a dedicated person with whom you can talk and share your concerns can be helpful. It may be resource intensive in the short-term, but our research has demonstrated the long-term benefits make this investment worthwhile.

We also know under-occupiers tend to have a range of negative feelings associated with downsizing: a personalised, sensitive service will enable people to talk with a dedicated member of staff so they can be reassured about their concerns.

Another part of the role of the dedicated mutual exchange officer would be to identify more appropriate ways of promoting the benefits of moving to potential downsizers. This might involve visits to community organisations, using existing resident involvement structures or targeted community-based campaigns.

Some housing associations promote mutual exchanges through face-to-face events, bringing together potential downsizers and upsizers along the lines of speed dating. Our experience, however, is that these events are rarely successful: they tend to attract lots of people from overcrowded households, and relatively few residents from under-occupied ones.

One idea to improve their impact would be if the dedicated mutual exchange officer were to start by identifying people who wanted to downsize. We would then only invite those overcrowded householders whose homes matched the specified requirements of the identified downsizer for one of these face-to-face meetings. In other words, we would act as a matchmaker for their speed date.

Internal transfers

Under-occupiers who want to downsize tend to be given priority on internal transfer lists for any homes smaller than their current home. Family Mosaic has gone one step further, and closed its transfer list to overcrowded households – only under-occupiers and management transfers are included.

This decision was taken because demand for social housing in London is so high. Because of the number of homeless families and families in temporary accommodation, we want to use more voids for those not already in social housing, and focus on mutual exchanges as the mechanism for alleviating overcrowding.

Financial incentives

We can provide support with the practicalities of moving – for example, in organising removal vans or people to help with packing – as well as for some of the costs. There are, however, other financial issues that need to be considered.

Some potential downsizers noted the reason why the mutual exchange process wasn't progressing was because of the state of their home. This might be because of outstanding repairs and the costs involved in resolving them.

We need to be more flexible with our policies so each mutual exchange or transfer is treated on its own merits. If repairs are needed on a property, but a resident needs to move in immediately, we should prioritise the repairs, and work together with the new occupant to ensure these are completed as soon as possible.

Rent arrears is another financial issue – it's one of the few statutory reasons a housing association can refuse an exchange. Indeed, most housing associations do refuse exchanges if the outgoing resident has significant rent arrears.

What if there was more flexibility? Being open to long-term payment arrangements or writing off part of the debt could be more beneficial for all parties in the longer term.

Writing off some of the debt (which, in reality, might never be paid back in full anyway), and facilitating the move, would probably make economic sense in the long-term. The outgoing resident would be more likely to be able to pay their new, cheaper rent, while the incoming resident will be able to pay the higher rent on the property immediately.

Finally, there is the issue of whether a housing association should be willing to pay residents to downsize. A financial incentive per bedroom from which you downsize is one way of encouraging moving. Yet, as we and many other housing associations have found, offering financial incentives to downsizers to move only has a limited effect. Perhaps this is because the financial offer isn't attractive enough.

The standard figure within the social housing sector is £500 per bedroom. Do we need to make offers according to demand, using our line of stock optimisation (see page 24) to determine the size of these financial incentives?

In London, £500 per bedroom isn't always a substantial enough offer for residents to move: it also underestimates the net social value of the house swap. If the act of one resident downsizing benefits a number of families, then we should reflect this in the size of the incentive.

Moreover, we can't just view the financial inducement in isolation: we have to remember the emotional attachment people have to their homes and to their local communities. Consequently, we need to be wary of just focusing on financial incentives as a means of promoting downsizing. However high the financial incentive

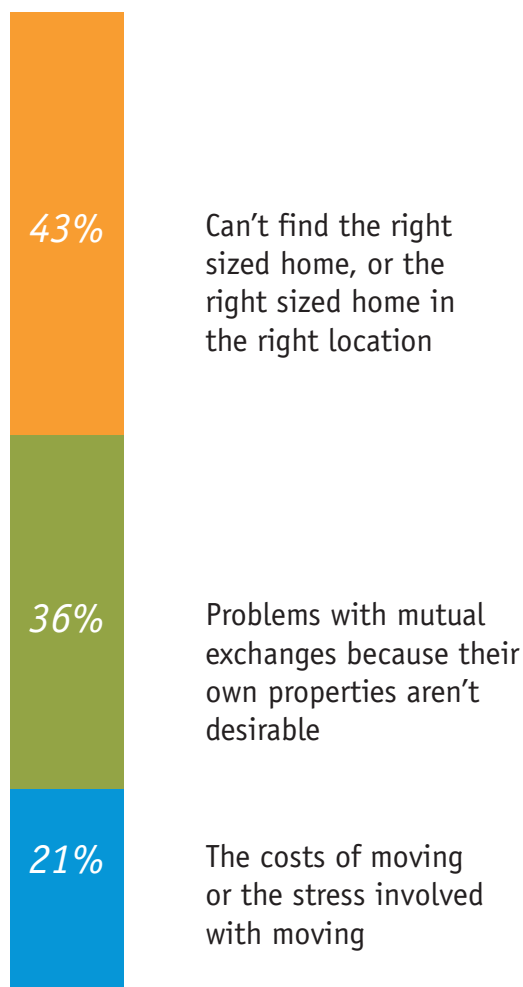
offered, money alone will only go so far. If we are to encourage under-occupiers to downsize, then we're going to have to use financial incentives plus something else.

And this *something else* is complicated. It might be personalised support provided by a dedicated mutual exchange officer, effectively hand-holding the downsizer throughout the moving process. Or it might be as simple as providing clear, accessible information. We will continue to monitor the impact of a range of interventions to determine what this something else actually is.

6 The size issue

Encouraging people to downsize – whether through financial incentives or emotional support, or both – will only work if there are enough homes for these residents to downsize into. As part of our research, we asked those respondents who said they wanted to downsize what was stopping them. Almost half said it was because they couldn't find the right sized home for them to move into (see figure 10).

Figure 10: What's the biggest obstacle in stopping you from downsizing?

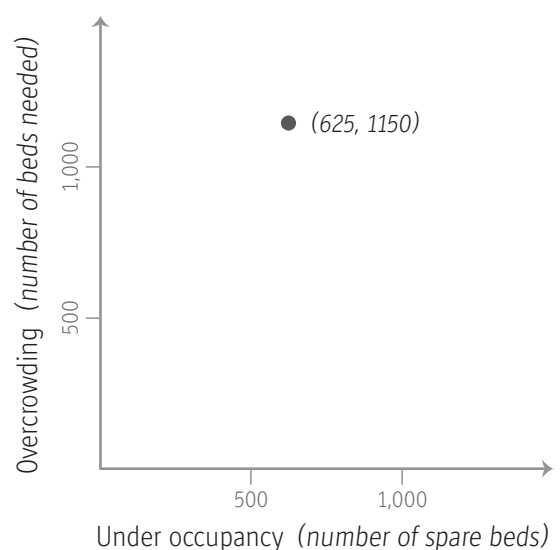


In other words, under-occupiers say they can't move because there aren't enough small homes available for them to move into. But is this actually the case? Is it possible to validate this viewpoint by checking whether the availability of homes is stopping potential downsizers from moving?

To answer this question, we developed a model that looks at our stock and household types, and then optimises the latter into the former. We have illustrated this relationship by using what we call the line of stock optimisation.

At any point in time, a social housing landlord will have a number of spare bedrooms in its under-occupied homes. Simultaneously, it will also have a deficit of rooms required to alleviate overcrowding. These levels can be represented on a two-dimensional plane (see figure 11).

Figure 11: Stock optimisation line #1



Whilst these illustrations of a stock optimisation line depicts one organisation, the same logic can be applied to any housing association or local authority, regardless of geographical area.

In this example, the social housing landlord has 625 under-occupied bedrooms; it needs 1,150 bedrooms to alleviate overcrowding. If an overcrowded family in a two-bed home swaps with an under-occupier in a three-bed home, then these levels will change to 624, 1149. In other words, total overcrowding and under-occupancy both fall by one.

If 150 similar swaps took place, the levels would change to 475, 1000 (see figure 12): so any swap between overcrowded households and under-occupiers is a one-for-one relationship that reduces both overcrowding and under-occupancy. In mathematical terms, it is a slope of one.

If, for the moment, we assume residents only swap with other households from the same landlord, then this relationship can be shown on the line of stock optimisation. As you move down the line, so the landlord is optimising the use of its stock (figure 13).

Figure 12: Stock optimisation line #2

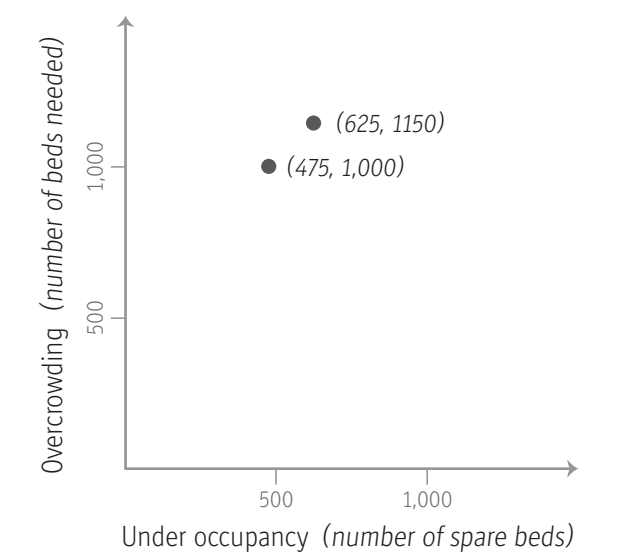
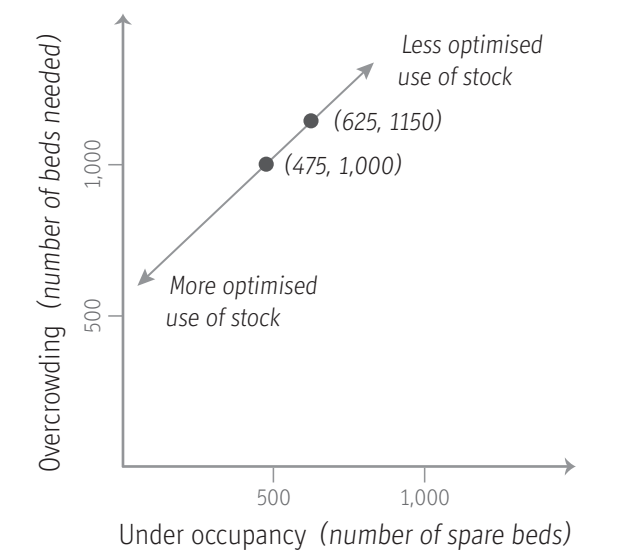
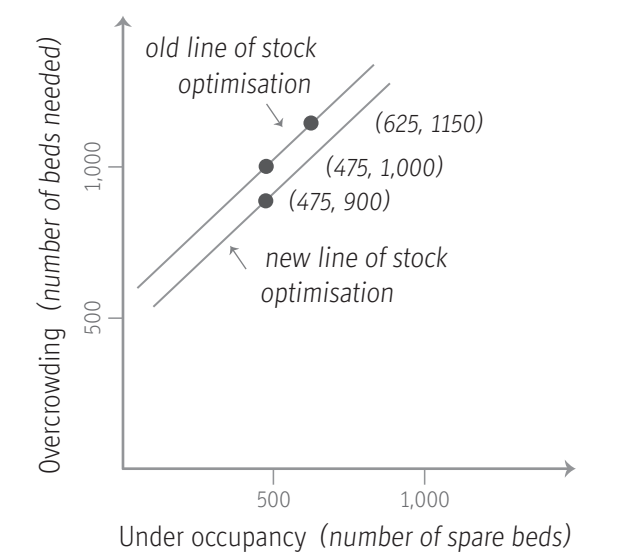


Figure 13: Stock optimisation line #3



What, though, if one of our residents swaps with a household owned by another landlord? Let's say 100 overcrowded families swapped homes with households from other another landlord. Our overcrowding has decreased by 100, but our under-

Figure 14: Stock optimisation line #4



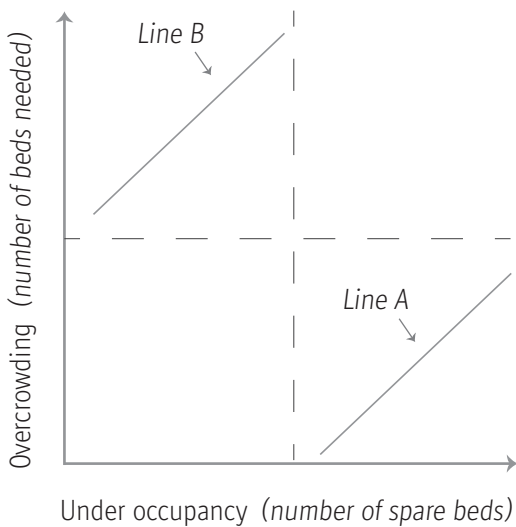
occupation stays the same. Since we know our line of stock optimisation has a slope of one, this means our whole line will shift (see figure 14).

Now we know an internal swap results in a movement along the line, while an external swap moves the entire line. The ideal, obviously, will be for the line to bisect the graph at (0,0), where there are no spare bedrooms and no bedrooms needed. This, however, is unlikely.

If you divide the graph into four quarters, then those housing associations whose lines were in the bottom right quadrant (line A, figure 15) would have more large houses than its residents required.

Conversely, those housing associations whose lines were in the top left quadrant (line B, figure 15) have more overcrowded families

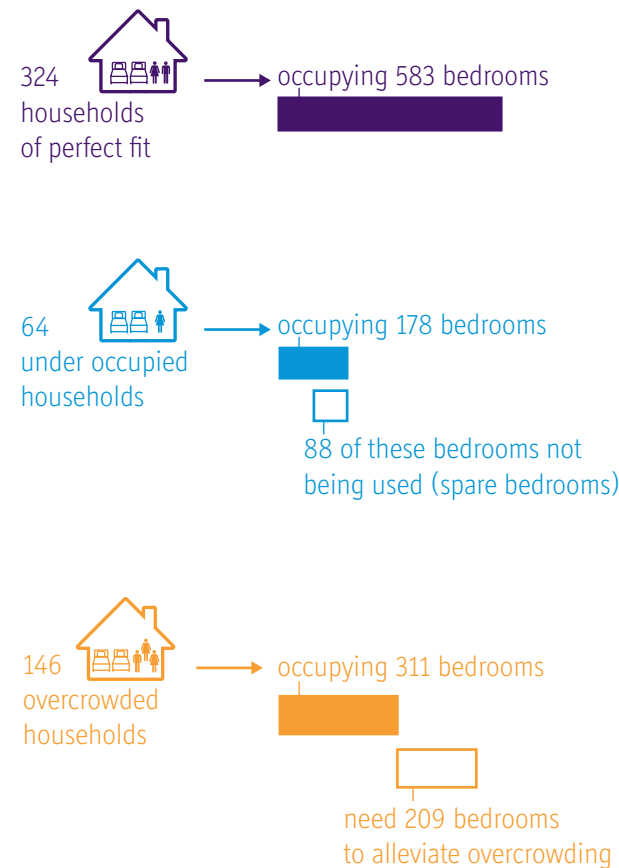
Figure 15: Stock optimisation line #5



than suitably sized homes. Overcrowded residents of these housing associations will find it more difficult to move, resulting in a bottleneck on housing mobility for all existing, and potential, residents.

Every housing association, local council and social landlord has their own line of stock optimisation. So where is our line of stock optimisation? To plot the first point on Family Mosaic’s line of stock optimisation, we need to work out the number of spare bedrooms, and the number of bedrooms we would need to alleviate overcrowding.

Figure 16: Rooms occupied, spare rooms and rooms required in respondent sample



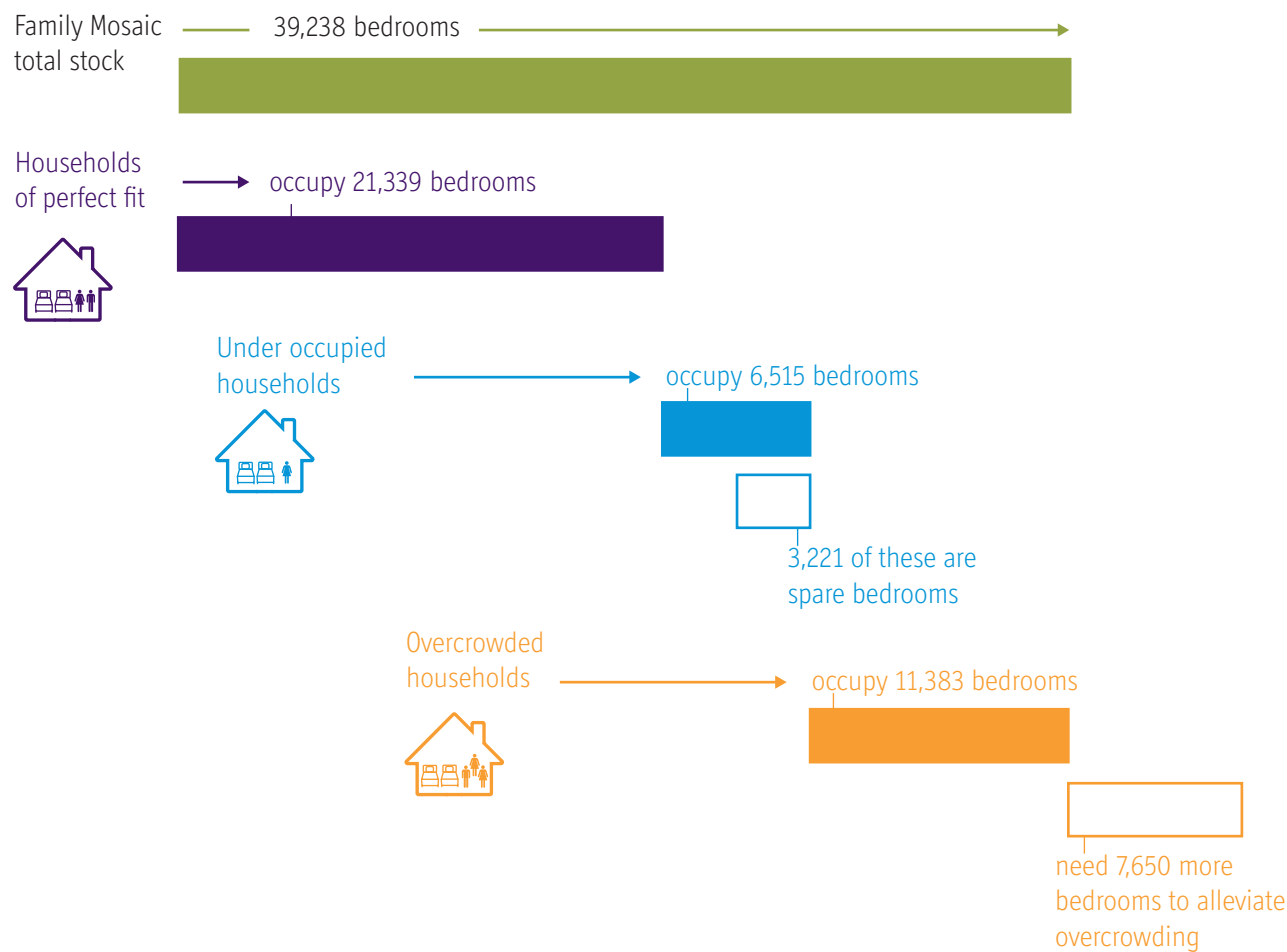
By examining our research data in more detail, we found that the households of the 534 respondents occupied a total of 1,072 bedrooms. The 324 households of perfect fit occupied a total of 583 bedrooms. The 64 under-occupied households accounted for 178 bedrooms: of these, 88 were spare. The 146 overcrowded households occupied 311 bedrooms, and needing an additional 209 bedrooms to alleviate this overcrowding (figure 16).

We need to measure the number of overcrowders against the number of under-occupiers so

that we can test the hypothesis that downsizers have no smaller homes available for them to move into.

By using the same ratios from our respondent sample and applying them to our total housing stock, we can estimate the number of bedrooms in our total stock that are occupied by households of perfect fit, the number of spare bedrooms that are not being used by under-occupiers, and the number of bedrooms needed to alleviate those households living in overcrowded accommodation.

Figure 17: Rooms occupied, spare rooms and rooms required in all Family Mosaic stock



Our estimates are that the households of perfect fit would account for 21,339 bedrooms. Households living in under-occupied homes would account for 6,515 bedrooms, with almost half of these – 3,221 – are not occupied, and count as being spare bedrooms. Overcrowded households would occupy over 11,000 bedrooms, and we would need 7,650 more bedrooms to alleviate this overcrowding.

By these calculations, we need 7,650 bedrooms to alleviate overcrowding, but only have 3,221 spare bedrooms. In other words, we need more than double the number of spare rooms we actually have if we're going to alleviate overcrowding.

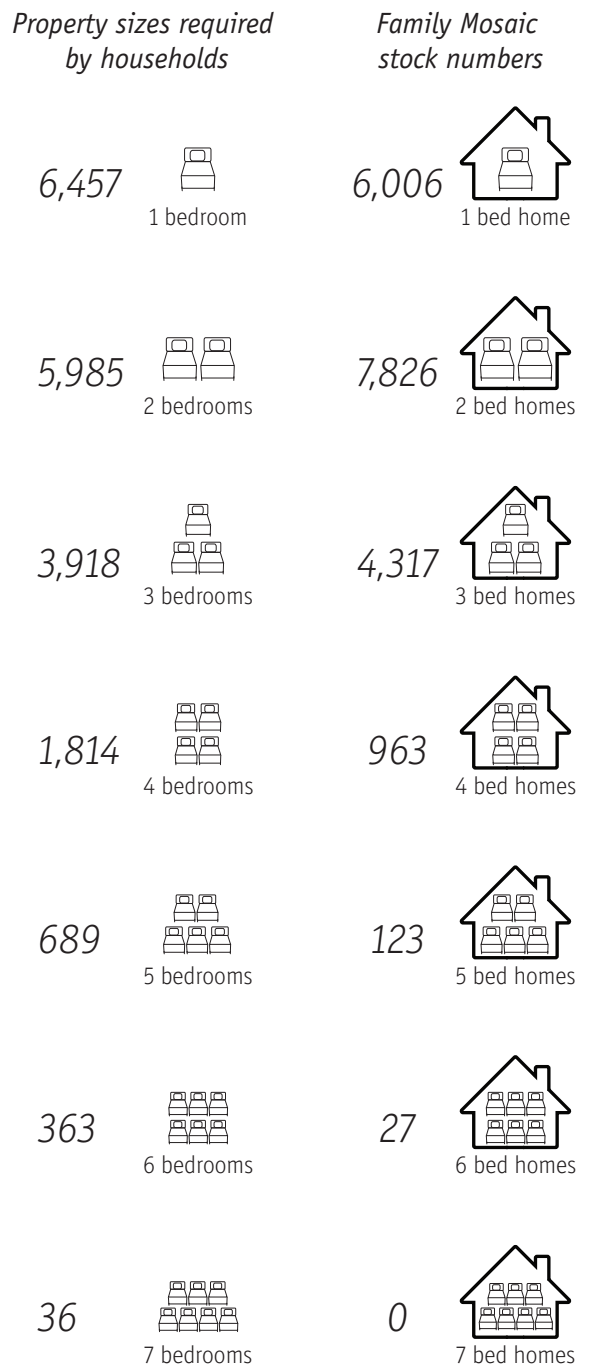
So it's a downsizers' market. And this is the case for all social housing providers in London, with far more bedrooms needed to alleviate overcrowded homes than are available in under-occupied homes.

This is our first point on Family Mosaic's line of stock optimisation. We now want to determine another: the end of the line, where our existing households are placed optimally across our existing stock.

Using data from our 534 respondents, we calculated the perfect property sizes (by number of bedrooms) that are required by our total resident population. One-bed homes were the most popular, followed closely by two-bed and three-bed homes, as might be expected. There was also demand for five, six and seven-bed homes (see figure 18).

Then we looked at our current stock levels. We have more two-bed than one-bed homes, and relatively few five and six-bed homes.

Figure 18: Estimated number of property sizes required by our resident population, compared to the housing stock we have available



The next step was to calculate the best fit for these household sizes within our current stock of homes. Another way of imagining this is if we were to decant every single household from their existing homes, how might we best fit them back into our housing stock so we have the minimum amount of both overcrowded and under-occupied homes?

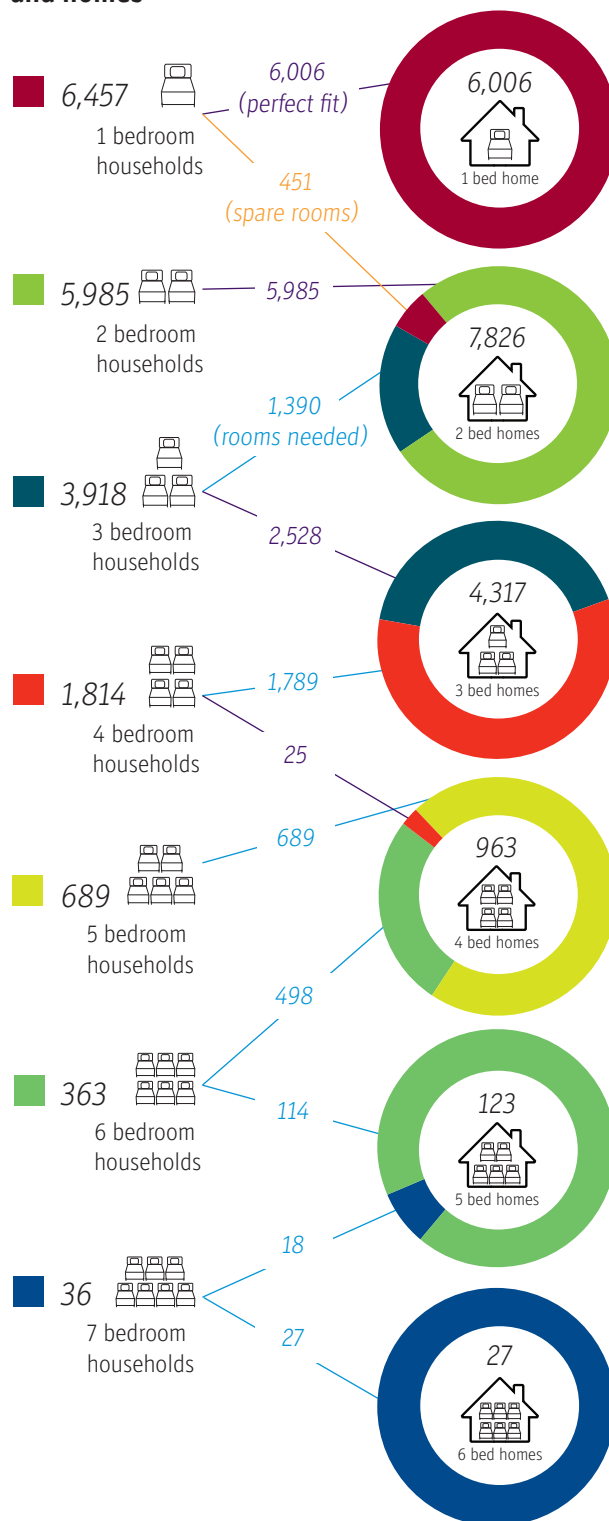
To find out, we ran a sorting algorithm (figure 19). Starting with our smallest homes first, we fill each with the most appropriate household size. Our 6,006 one-bed properties are perfectly filled by 6,006 households who need a one-bed home.

Our two-bed homes, however, are occupied by 451 households needing one bedroom, 5,985 households needing two bedrooms, and 1,390 households needing three bedrooms. As a result, we have 471 spare rooms, but need 1,390 bedrooms to alleviate overcrowding.

As we continue to apply this algorithm to our remaining properties, the number of bedrooms needed to alleviate overcrowding continues to increase. We need 1,789 bedrooms to alleviate overcrowding in our three-bed homes, another 1,187 bedrooms to alleviate overcrowding in our four-bed homes, 132 in our five-bed homes and 27 in our six-bed homes.

Our optimal match of households and housing stock leaves us with 415 spare bedrooms, but needing 4,523 bedrooms to alleviate overcrowding. This is the second point on our line of stock optimisation (see figure 20).

Figure 19: Optimum match of households and homes



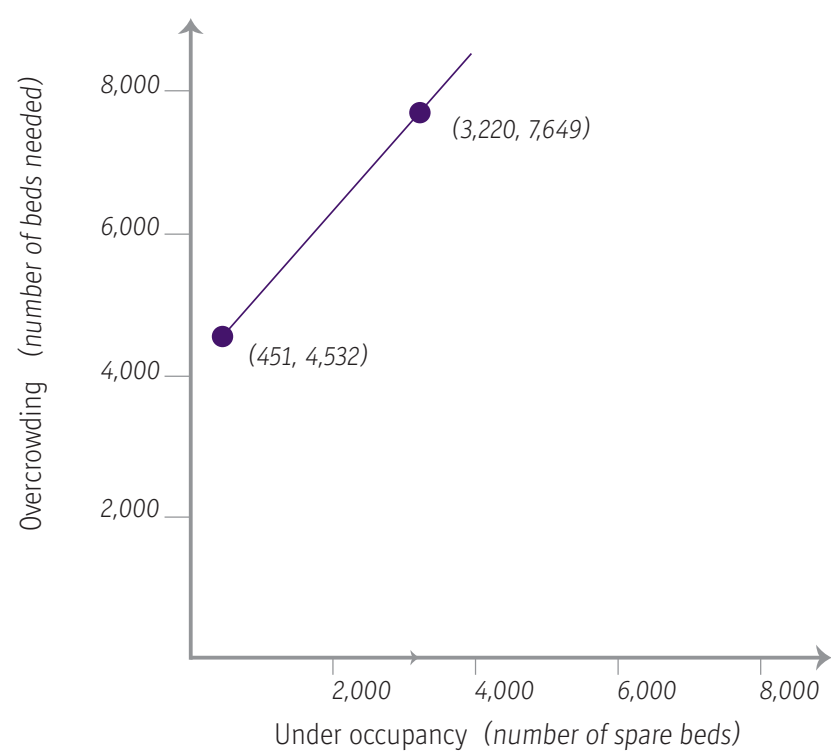
Our potential downsizers said they couldn't move because there weren't any available smaller homes for them to move into. By running this algorithm, however, we can see that one and two-bed homes are not in short supply. Just over 96% of all households requiring a one or two-bed home were able to move into a perfectly sized home. And we still had 1,390 two-bed homes available.

So while there is a perception about the lack of available smaller homes, the reality is that the homes exist. The issue is not about the availability of suitably-sized homes: it's about the availability of suitably-sized *empty* homes.

And for this, we need to turn to the question of the nominations process: we don't decide who moves into most of our empty homes; this is determined by the relevant local authority where the home is located.

What, though, if we offered these smaller homes – whether empty voids or new builds – to our residents currently under-occupying larger homes who wanted to downsize?

Figure 20: Family Mosaic's line of stock optimisation



7 Release the chains

Instead of solely relying on building new homes, we believe housing associations could play a far more effective role in improving social housing mobility through a fundamental change to the current lettings process.

Housing associations have a statutory duty to help local authorities with their local housing need. The way this obligation has been met traditionally is through nomination agreements.

Typically, local authorities in London nominate households from their waiting list to fill 75% of any housing association's homes in their local area as and when these houses become true voids (meaning any time a resident moves out and the home is empty). Simultaneously, local authorities can also nominate households to fill up to 100% of any new homes for social rent the housing association builds in its local area.

We don't believe our obligation to help local authorities with their housing need should end. By working with local authorities, we believe we can reduce under-occupation, give them more of the larger homes they need and thereby tackle housing need more effectively.

This would, however, necessitate a change to the current nomination process. It would involve housing associations being able to use voids and new builds to create chains of housing mobility that reduce housing need. It doesn't mean that we're abandoning our social purpose: far from it. We're trying to create a process by which more people would benefit, and fewer people would be in housing need; if we could achieve this, then wouldn't it be to everyone's benefit?

Voids

Under the current system, local authorities and registered providers agree a nomination protocol: typically, this means that for every four homes that become void, the local authority decides who will move into three of the empty properties.³

Under this system, if four families move out of their two-bed flats, the local authority determines who moves into three of the flats, while the other is offered to our internal transfer list. If this void offered to our internal transfer list is then filled by a downsizer, their vacated three or four-bed home is then also filled by the local authority.

If the first three voids filled by local authority nominations are three families of three people, that equates to nine people in total. After the downsizer moves, another family of five moves into their vacant home, meaning that 14 people have moved into social housing as a result of these four voids.

What if we managed the nominations for all the voids? We could then match all the homes with people identified by the dedicated mutual exchange officer, so that they would all be filled by under-occupiers living in three or four-bed homes. This would then free up their three or four-bed homes, which could then be filled by four families from the council's waiting list or four families living in expensive and disruptive temporary accommodation.

3 – This varies: in Haringey, housing associations provide the local authority with nomination rights to a minimum 75% of properties with three or more bedrooms, but to a minimum 50% of all properties with one or two bedrooms. In the Royal Borough of Kensington and Chelsea, the council has nomination rights to 75% of two bedroom and larger sizes, and 50% of all one bed and studio properties.

Instead of 14 people moving into social housing – and off the waiting list – 20 people would move. In addition, four social housing households would be living in more suitable homes and be less likely to get into rent arrears. It may be slightly more complex than the current system, but has to be worthwhile for the extra impact on housing need.

Development

Under the current arrangement, when we build 50 two-bed flats, the local council nominates 50 families to live there. If each family has three members on average, this new development would house 150 people in social housing.

What, though, if we were allowed to reserve all 50 of these two-bed flats for downsizers? If we knew we could do this before we built them, then we'd design the developments accordingly: all the ground floor flats, for example, could be earmarked for older residents with doors opening directly onto the street, walk-in showers and small gardens.

As we were developing these flats, we would be able to identify potential downsizers, and talk with them about any concerns they might have around moving, reassuring them about any issues they might have about the location or their fears about isolation.

Of these 50 downsizers we might identify, we estimate that 35 would be living in three-bed homes, while 15 would be living in four-bed homes. The relevant local authority could then nominate families of four, five or six from their waiting list to fill these vacant homes, instead of nominating families of two or three to the 50 two-bed flats.

Instead of 150 people moving out of temporary accommodation and into social housing, 240 people would move. So for every 50 homes built, 60% more people could be housed in social housing.

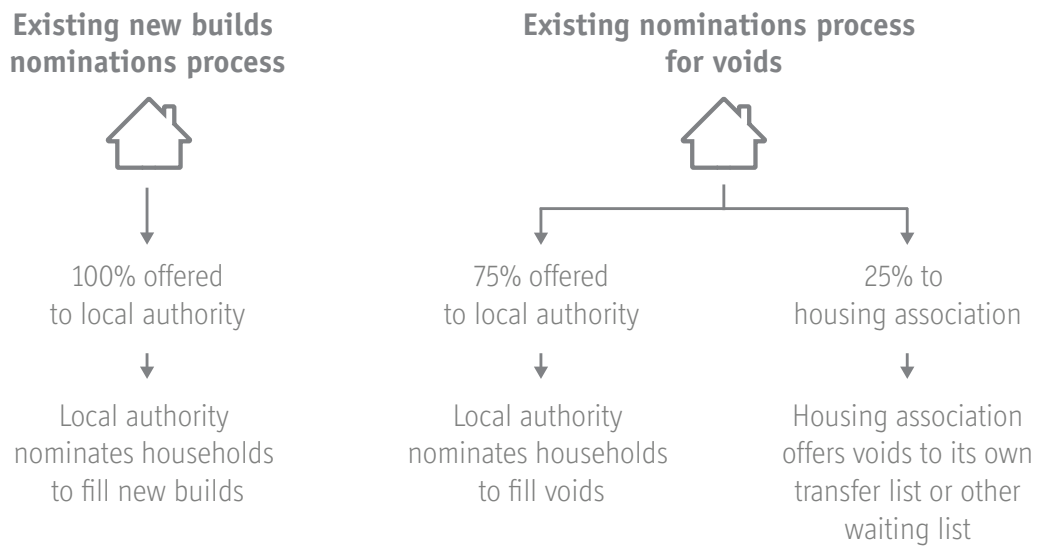
The size of homes wanted by families on waiting lists may differ across local authorities: some need larger homes; others need smaller homes. The point is that as long as there are families in temporary accommodation who can move into the larger homes freed up by a resident downsizing to a smaller home, then we will help more people in housing need.

The example here is, of course, an optimistic scenario. Potential downsizers have many reasons to stay where they are: physical context, emotional connections, wellbeing and family support networks. With more control over the nominations process, we would be able to develop practical policies to overcome the negative reasons they might have not to move. So while we might not see a 60% increase in housing mobility overnight, it would be something to aim for.

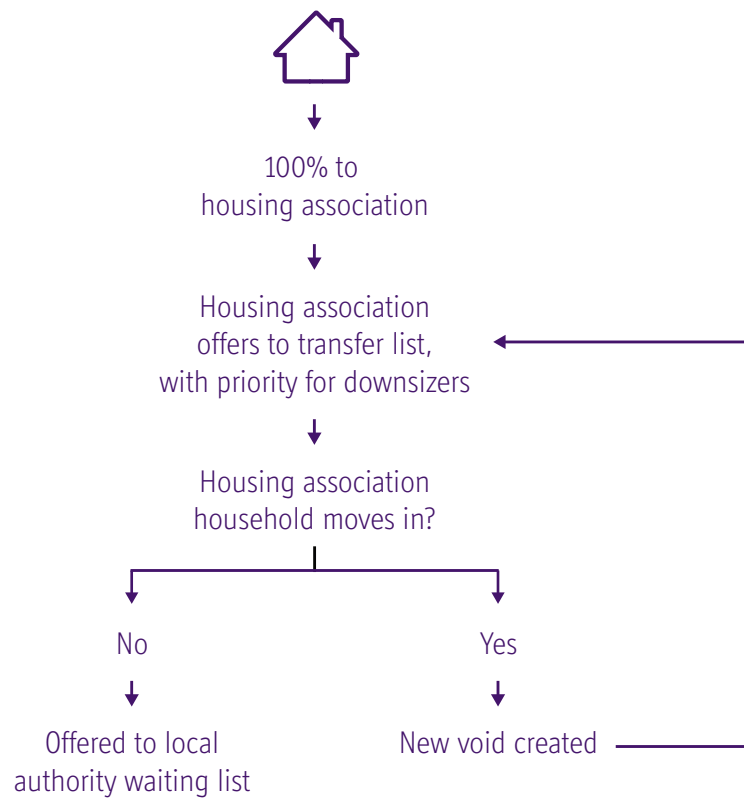
Even if only one of the 50 two-bed flats was filled by a downsizer, and the rest were filled by local authorities in the usual way, we would still have improved housing mobility – and reduced housing need by more than the current nomination process.

The changes we are proposing to the nominations process offer downsizers more choice, which should increase their propensity to move, and will ultimately result in more people being housed in social housing. It's akin to removing one of the obstacles that's causing a bottleneck: it might not result in endlessly free-flowing water (or wine, as the case might be), but it should improve the flow.

Figure 21: A new approach towards nominations



Proposed new nomination process for new builds and voids



We've tried building chain lettings before by using newly built homes that were self-funded to create a chain of internal moves. This involved a lot of work in matching suitable households to each vacancy, and tracking and ring-fencing properties over a lengthy period of time.

And there were difficulties: we discovered that some properties required major void expenditure or even disposal, thereby bringing the chain to an abrupt end. Nonetheless, we had some success and managed to move at least three households for each property acquired before rehousing a council nominee at the end of the chain.

Another relevant initiative was *Getting London Moving*. This tried to build chains of one-way assignments between residents, with participating landlords asked to add a void that would complete the chain. When it came to the crunch, however, landlords were not prepared to prioritise empty properties and so the chains collapsed.

The nominations process we're proposing, however, is simpler because it involves putting all vacant homes – whether true voids, non-true voids or new-builds – through a first phase of making them available to our existing residents. To overcome concerns local authorities might have about the scheme, we would suggest the chains are limited to two moves so there is a more immediate benefit to people living in temporary accommodation.

Another concern might be we would cherry pick the best properties for our own residents, leaving those on waiting lists with the least desirable homes in the least desirable areas. By targeting our under-occupiers, however, we would be releasing larger

homes that are more likely to be ground-floor flats or houses with gardens. By contrast, new builds tend to be high density, rarely have a garden, are often open plan and have service charges.

Many on the waiting list might prefer a relet in place of a new build. And where there is a planning requirement to let 100% of first lets to local authority nominees, we would of course honour this, unless we could vary the terms of planning consent. We will only include new builds in this nominations process with the agreement of the local borough.

This isn't about our taking over the nominations process. It's about creating a more flexible process, so that we – housing associations and local authorities – can step in and work together to alleviate housing need.

On the scale outlined here, however, the difference might not appear to be significant. Applied across the sector, the changes could play a major role in alleviating some of the worst of the housing crisis. This is not intended to be the sole solution to that crisis: it has to be part of the holistic approach we recommended in *London Calling*.

In 2014-15, there were 5,680 relets (true voids) and 2,040 new lets by London housing associations. Under the existing nominations process, this meant that housing associations had 1,420 homes per year they could make available to existing residents who were under-occupiers.

Under our proposed process, we would be able to make all 7,720 homes available to under-occupiers every year. This is more than five times as many homes than the current system.

Of course, offering the homes is one part of the equation. You also need people to move into them. From our research, we know that 12% of our homes are under-occupied: applying this figure across London, we estimate there are 48,000 housing association homes that are under-occupied.

We also know from our research that only 3% of our residents are under-occupying and want to move. This would mean there are 12,000 under-occupying households in London who want to move: with our proposed new nomination agreements, there would be 7,720 homes every year for them to downsize into. So within two years, every social housing tenant in London who wanted to move would have the opportunity to do so.

Of course, there would be net winners and losers as a result of this new approach. The new development or void might not be in the same borough as the households on the local authorities' waiting list who would ultimately benefit.

So a resident from one of our homes in Camden might downsize into one of our new two-bed flats in a development in Islington. The London Borough of Camden would be able to nominate a family from its waiting list: the London Borough of Islington would not. So the latter would lose under the new nomination system.

We know, though, that there is a need for greater cross borough mobility for social housing tenants: it's why the Housing Moves scheme was established. Secondly, we also know most residents want to move within a fairly local area because of existing family or social networks, and we will monitor whether most moves are made within the same borough.

Finally, while current nomination agreements would permit our proposed process within a given borough, many may not allow it when residents move further away, because transfers out of borough may be considered as true voids. But the beauty and simplicity of the new proposed system allows for all downsizers to move into any void, which will have greater outcomes than simply matching them with homes near where they already live.

Ultimately, we believe all London boroughs would benefit from our proposed new nominations process. There might be marginal losses to some local authorities, but by alleviating the bottleneck on social housing mobility, we believe everyone will benefit, when other measures are taken into account.

Yet it will need those working in, and for, London boroughs to take a pan-London perspective on how they, alongside housing associations, can best work together to resolve the housing crisis in the capital.

By taking this leap of faith we believe more Londoners would be able to move into more appropriately sized homes. More families in expensive and temporary accommodation would be housed more securely, reducing costs to the public purse. More families would be able to plan for their future and focus on realising their aspirations.

And more children would wake up every morning in a home free of stress, anxiety and discomfort so they can lead healthier and happier lives.

Is there a possible role for government?

Financial incentives have already been used by government in an attempt to promote housing mobility: these financial incentives, however, were of the stick variety, rather than the carrot.

The bedroom tax was introduced primarily as a means of containing expenditure on housing benefit. It was also intended to free up more social housing properties and make better use of stock.

Since its introduction, a total of 1,168 of our residents have been affected by the bedroom tax. We have helped 129 of them to move: this represents just 0.7% of our general needs households. While the next round of welfare reforms might result in a fall in awards of discretionary housing payments, and thus an increase in residents having to move because of financial pressures, forcing under-occupiers to downsize by taking their money has not been a successful policy.

So what else could the government do? The housing crisis is not limited to social housing. It extends far beyond that. Similarly, under-occupation is also an issue across housing. If we use the bedroom standard definition, around 11% of social housing is under-occupied, compared to 15% of private rented housing and 50% of owner-occupied housing.

Furthermore, because fewer people rent their homes compared to those who own them, if we look at all under-occupiers, just 5% of them are social housing residents, compared to 7% who are private renters and 87% who are owner-occupiers.³

There is, then, enormous potential to alleviate the housing crisis through government intervention in the owner-occupier sector. Public subsidies paid out to the owner-occupier sector – in the form of loans, and guarantees – are £30 billion, which is £3 billion more than the amount spent on housing benefit.⁴

So is there a moral case to be made for these government subsidies to be reduced, just as has been made for the reduction in spending on housing and other welfare benefits? If this reduction was linked with under-occupation, perhaps over time all housing stock would be more efficiently used.

And, ultimately, should it not be on government to put forward the moral argument for people choosing to downsize, regardless of their housing tenure?

3: Shelter (2011); Taking Stock: Making the most from housing – an assessment of under-utilisation of the housing stock in England; Shelter.

4: This estimate of public subsidies paid to the owner-occupier sector does not include tax reliefs to owner-occupiers, which UK Housing Review valued at £14 billion in 2013/2014, of which over half was due to capital gains tax relief and the rest was down to the continuing lack of tax on the rental value of owner-occupied homes.

See John Perry, "What would a serious attempt at tackling under-occupation look like?", 2015, CIH, <http://bit.ly/2cewaaQ>

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