

Housing allocations and the vacancy chain:

how coordinating chains
can better meet housing
needs and tenant choice

Leo Pollak





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Preface

This report is an exploration into the factors influencing vacancy chains in London's social housing, covering general needs stock held by councils, ALMOs and housing associations, with interplays from supported and specialist housing.

The vacancy chain for the purpose of this study refers to the overall sequences of homes made available for social housing as one household vacates an existing social home and subsequently re-lets then rehuses another household (and so on until no new social housing vacancy is formed).

The analysis is focused on how different types of letting do and don't release new social housing bedspaces, and how different stresses in allocations policies and lettings quotas influence the length of chains in social housing lettings and categories of housing need being met.

The study has been carried out with a wide-ranging literature review; analysis of statistical datasets from ONS and CORE¹; a desk review of all London boroughs' allocations policies and wider approaches to efficient use of stock; collecting and analysing data on over twenty real-world vacancy chains from inner and outer London boroughs realised from recent social housing schemes; conducting a series of interviews and workshops with over 30 housing options managers and housing officers as well as drawing on expertise from academia and social housing allocations lawyers.

The report is in five sections, including a set of recommendations.

The first sets out the backdrop to the problem with social housing need rising and overall lettings having fallen then plateaued, and examines the previous attention given to vacancy chains and some of limited work on housing mobility.

The second explores the current state of chain-maximising and 'right-sizing' practice across London.

The third considers how different simulated 'ideal type' chains, drawn from a real-world housing needs scenario, can be realised under different allocations procedures, and discusses the protocols and outcomes that apply in each case, as well as the real chain effect.

The fourth examines – in a situation of scarcity – the ways different categories of housing need can come into conflict depending on the relative priority given in different boroughs' allocation schemes. It also explores the different barriers to chain-maximising, looking at the financial pressures that apply to allocation decisions, the administrative infrastructures used in current lettings practice, the intervals between moves within a chain in turning around void properties, as well as the mismatches in demand and 'moveable supply' formed from new homes coming into circulation.

The fifth section includes a series of recommendations for introducing new efficiencies in the lettings system, with new data collection requirements and grant-giving criteria for funding social housing, new frames of reference for public spending on downsizing incentives and new build, and most importantly, describes how a coordinated chain approach set around non-discriminatory and adaptable chain-maximising protocols can provide a significant 'non-construction' boost to social housing supply.

Taken together the sections are intended to stimulate debate across nominating authorities, planners and social housing funders in influencing bedroom mix and housing types given in development programmes and planning policies, grant-giving criteria for new social and affordable housing. Most importantly it seeks to shape new policies and practices for letting more good quality, secure and affordable homes to more households in priority housing need.

The Smith Institute would like to thank the London Boroughs of Enfield and Kingston upon Thames and Peabody for their generous sponsorship and input, and the GLA for its in-kind support. We would like to offer our appreciation to everyone who participated in the roundtable peer review discussion and give special thanks to: Anna Clarke and Lucy Worrall from Peabody's research and strategy team; Kate Webb, James Gleeson and Caitlin Colquhoun from the GLA housing strategy team; Richard Sorensen, Joanne Drew, and Thekla Frangskou from Enfield Council; Robin Oliver, Wale Adetore and Lorna Brooke from Kingston Council; Professor Janice Morphet from UCL, Lord Bob Kerslake, Tim Baldwin from Garden Court Chambers, Ninesh Muthia from Home Connections, Phil Sweet, Professor Glen Bramley, Laurence Coaker, Susan Aganga, Shaun Flook, Jennifer Wynter, Vincent Lawal, Rafiqul Hoque, Gaye Brown, Ricky Bellot, Mark Meahan, and the many other fantastic housing professionals who provided information and advice.

Foreword

All of us involved in social housing in London know of the desperate need for more housing – families raising children in flats that are far too small, people stuck in temporary accommodation for years or older people looking for suitable housing as their needs change. They're all desperate to move, and all competing for the same insufficient supply of housing. We desperately need to build more social housing.

But this is never going to be a quick solution – it's very hard to help everyone and the scale of the problem is vast. The 'vacancy chain' approach to allocating social housing described in this report looks afresh at the problem, and more strategically. Instead of asking for each vacant home: 'who needs this home the most', we can ask how we can use this home to alleviate as much housing need as possible? We could move an overcrowded household to it, then use their home to rehouse someone fleeing domestic violence who needs to move to a new area, then use the home vacated to accommodate an elderly downsizer – at the end of the chain will be someone entering social housing for the first time, maybe a homeless household. But if we can help more people along the way, we'll help more families into the housing that they need making better use of the housing that we have.

I'm delighted that Peabody has been involved in this research and look forward to seeing how its recommendations can help across the social housing sector in London and elsewhere.

*Lord Bob Kerslake
Chair of the Board of Peabody Trust*

Executive summary

Against the backdrop of London's housing crisis – with homelessness and waiting lists rising sharply and the supply of social lets failing to keep up with growing demand – this report shows how the boroughs can meet more unmet housing need by maximising vacancy chains. The study examines the collapse in movement through London's social housing stock, particularly the shortening of social housing chains, and demonstrates that there are potential opportunities to rehouse more local residents and tackle overcrowding.

While London clearly needs a scale change in social house-building and other forms of low cost housing, more can be done to maximise the number of homes made available to households in housing need from newly built homes. The report argues that the boroughs need to give greater attention to the rehousing *impact* from new social housebuilding *output*, as well as from lettings within existing stock.

The evidence presented shows how new vacancy chain models can make a difference by freeing up extra affordable housing and better utilising existing housing stock. Coordinating vacancy chains at a time when social and affordable housing starts in London are increasing can improve mobility and help give tenants a better foundation to thrive in life.

London's housing crisis

- The critical shortage of secure and genuinely affordable homes has blighted the lives of millions of Londoners. A prolonged period of scaling back social housing, especially council housing, going back over four decades, has seen ever growing numbers in costly and insecure private renting – while the rising cost of home ownership becomes prohibitive for most household incomes without family support.
- The importance of supplying more social rent homes – i.e. a secure tenancy with genuinely affordable rents – is widely recognised as the essential solution to tackling acute housing needs. While a variety of approaches are needed, little attention has been given to maximising the re-housing impact from new social housebuilding output, as well as from lettings within existing stock.
- While starts and completions for social rent homes in London have risen sharply since the Mayor of London's Affordable Homes Programme increased grant funding in 2016, they are still not keeping pace with the need for suitable and affordable housing.
- Alongside this, overall social housing lets in London, both to existing social tenants and households new to social housing have been steadily falling over the past decade – churn in and around London in 2019/20 was around 3% of overall stock, compared with over 7% in most boroughs only 8 years earlier.

Churn and vacancy chains

- Intra-tenure mobility and the factors influencing the length of vacancy chains in social and affordable housing are a key dimension to meeting housing need. The widening gap between social rents and market rents means fewer can afford to move between tenures.
- However, this issue has had little attention over the past decade. It now must become a more prominent feature of the renaissance in social and affordable housebuilding in London.
- Churn through social and affordable housing tenancies – i.e. the proportion of lets as a portion of overall social housing stock – has fallen by over 70% since 2007, reducing sharply in nearly all London boroughs.
- Vacancy chains data collected from a series of social rent completions across London suggest that where larger homes do become available, the most severely overcrowded cases are prioritised for the first let, thereby limiting the potential relettable stock. As a consequence fewer overcrowded households overall can be rehoused.
- Chains data also suggests that while homeless placements can constrain meeting other reasonable preference needs (overcrowding, medical and welfare needs etc.), conversely, many transfer-led chains of existing social tenants are not ending with a homeless placement.
- Void turnaround times have slowed, in part because of material and labour shortages for refurbishments. As a result, voids are taking longer to let, with not only loss of rental income, but longer intervals between relets within a chain.
- The research highlighted a number of administrative and infrastructure barriers in housing lets. Housing and lettings officers, for example, are rarely incentivised to identify exchanges or chains, and most housing management software packages facilitating choice-based lettings present only one home at a time and limit the scope for supporting councils in assisted choice, or in simulating and coordinating chains.

Co-ordinating longer, fairer vacancy chains

A series of chain-maximising approaches are recommended to amplify the impact from new social and affordable housebuilding. These include:

- Linking bedroom mix and housing types in social house-building programmes to surveys of household occupancy and need in existing homes.
- Prioritising the delivery of more larger family-sized homes and attractive specialised older people's homes that carry the greatest chain potential.
- Greater investment in reducing void turnaround times.
- Greater use of viewings of occupied, but soon to be vacated, social homes, with appropriate safeguards.

-
- Significantly enhanced personal support and financial incentives for downsizing.
 - Re-framing downsizing incentives (and subsequent rehousing) within the same financial frame of reference as for new homes delivery.
 - All potential downsizers, whether one or two or more beds to be given a high priority and discretionary support in allocation schemes. ONS to release raw data to councils on over- and under-occupation from the 2021 Census.
 - Lettings and viewings officers retrained, and incentivised, to construct social housing chains and build trusting relationships with residents whose homes release the most in demand stock. Central allocations policies to be set while devolving judgement and decisions (with clear audit trail) to officers who understand their residents and stock.
 - Housing management software platforms adopted to simulate and coordinate chains based on residents' express choices and preferences and provide a wider vantage point for housing managers in supporting their residents.
 - Applying a set of chain-maximising protocols that give priority, and where necessary, incentives for under-occupiers, and to one-bed upsizers while ensuring the highest priority needs (e.g. emergency medical/welfare moves, severe overcrowding, homeless etc.) are catered for in the simulated chain.

Reaping the benefits

- Coordinated chain construction is proposed as a powerful supplement and multiplier to social and affordable housebuilding. New approaches can deliver more homes that are better suited and widen housing choice.
- Our research suggests that new vacancy chain models could deliver between a 50% to 150% improvement in the numbers of households being rehoused from chains emanating from new supply, without discriminating against (i.e. reducing the total number of lets to) categories of housing need who do not vacate a social home for re-letting (e.g. homeless or sub-households).
- A stronger focus on vacancy chains has applications across the UK, particularly in high housing demand areas.
- Nominating authorities and grant giving bodies should require systematic collection of chain tracking data to better understand system effects and investment impacts.

While coordinated chain-maximising protocols would require non-vacancy releasing lettings to feature later in a chain, protocols can be designed to require chains to terminate with placements to such priority households (e.g. a homeless household who is highest priority to always be offered the final home in a chain).

Section one: London's housing crisis and social lets

London and Britain's housing crisis represents a crisis of the life course, with key decisions delayed and millions of people's health, relationships, identities and prospects compromised for want of a secure, affordable, good quality home.

Chronic under-investment in social housing and rising house prices has left London's housing system unbalanced and unaffordable for the majority on low to medium incomes. More and more households have been forced to rent in the expanded – and higher priced and poorer quality private rented sector (PRS). This lack of affordable housing has in turn led to increased homelessness, overcrowding and long waiting lists for social housing.²

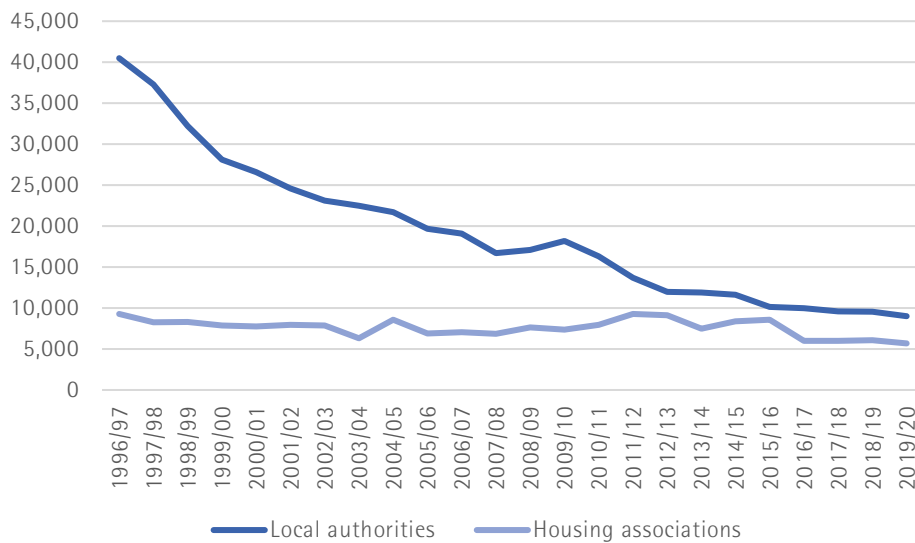
Faced with housing shortages and meeting their statutory duties many of London's boroughs are having to place homeless households in short-term social lets. Some waiting list numbers have been kept stable by removing non-priority households (i.e. 'reasonable preference' categories of need³) from the housing register altogether. While these demand management measures serve to conceal a growing number of unsuccessful applications to join a housing waiting list by people who are often struggling with housing costs in the private sector, the underlying trend is towards growing levels of unmet housing need.⁴ Indeed, the GLA's Strategic Housing Market Assessment identified a need for 43,500 new social and affordable homes each year until the end of the decade.⁵

Falling social lets

Alongside this picture of growing housing need and homelessness there has been a dramatic decline in overall lettings, both in general needs social housing and in specialist and supported social housing.

Looking at lettings by councils and housing associations to new social tenants we can see the figure has fallen from 49,800 in 1996/97 to just 14,270 in 2019/20. For council lettings there has been a steep decline, attributed partly to the shrinking of the council housing stock over this period. Housing association lets to new tenants have also fallen over this period, albeit steadily since 2016/17 and despite growing stock (from new supply and stock transferred from local authorities).

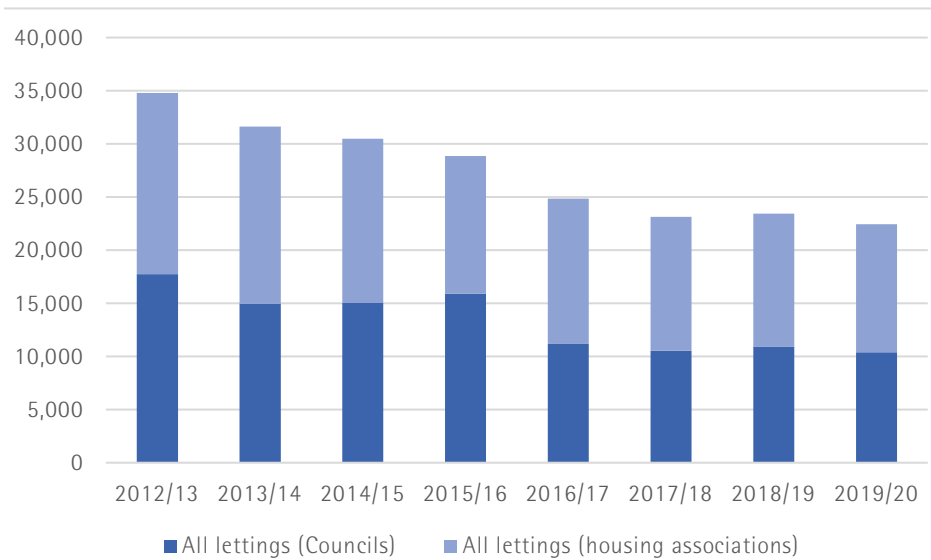
Lettings to new social tenants in London



Source: Compiled by GLA from UK Housing Review, various years; MHCLG social housing lettings data. Data is for tenants new to social housing

Internal transfers recorded through CORE show a halving of internal transfers within council and housing association stock, from 7,533 in 2012/13 to just 3,535 in 2018/19.

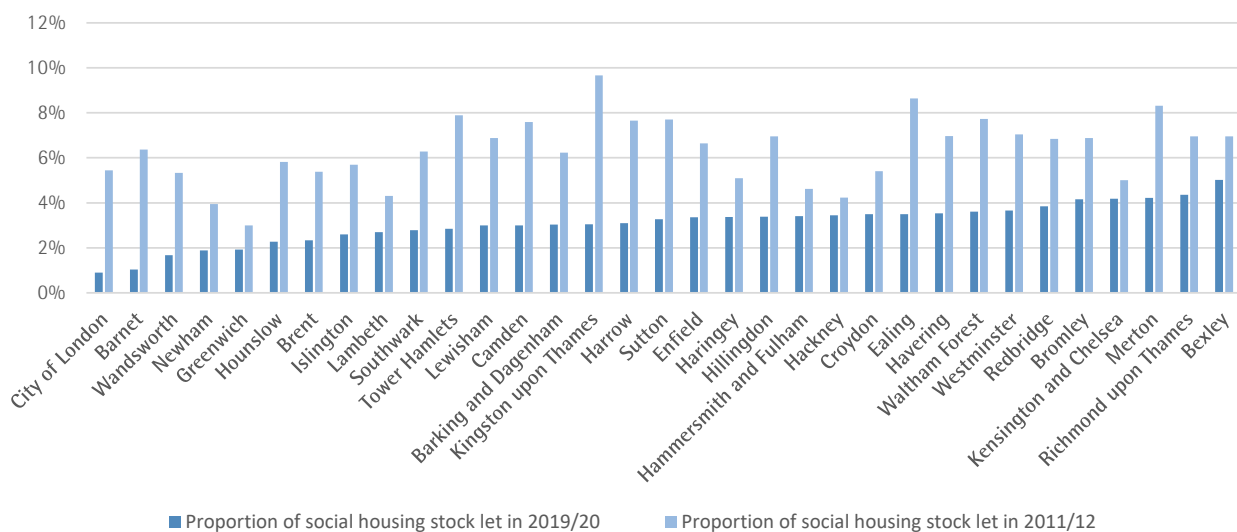
All social housing lettings 2012–2020



Source: GLA Housing in London 2021, CORE unweighted lettings data, with DLUCH weighting

'Churn' figures – the total number of lettings as a proportion of overall combined council and housing association social housing stock – saw a stark collapse across London with most boroughs seeing 'churn' through their stock more than halve over just a few years. The decline in churn from housing associations, who delivered the lion's share of new stock over this period – is particularly marked, with new supply appearing to have limited impact on overall housing needs being met.

Collapse in movement through social housing stock 2012 vs 2020



Source: ONS Live tables 115 and 116, and 'Social housing lettings in England' Continuous Recording (CORE) data

General needs letting in London nearly halved from its peak in 2012/13. As the graph above shows, the decline was evident in most boroughs. There was also a stark divide in the letting rate (i.e. the number of lettings divided by the overall stock) between general need and supported housing, which is usually short term.⁶

The GLA notes that those moving into general needs housing were far more likely to be younger and to have children compared with the general population.⁷ CORE data shows that around half of new tenants in social and Affordable Rent properties are young (aged under 35) and single – half with children. Affordable Rent tenants are also more likely to be in employment than social rent tenants and more likely to be households with children.⁸

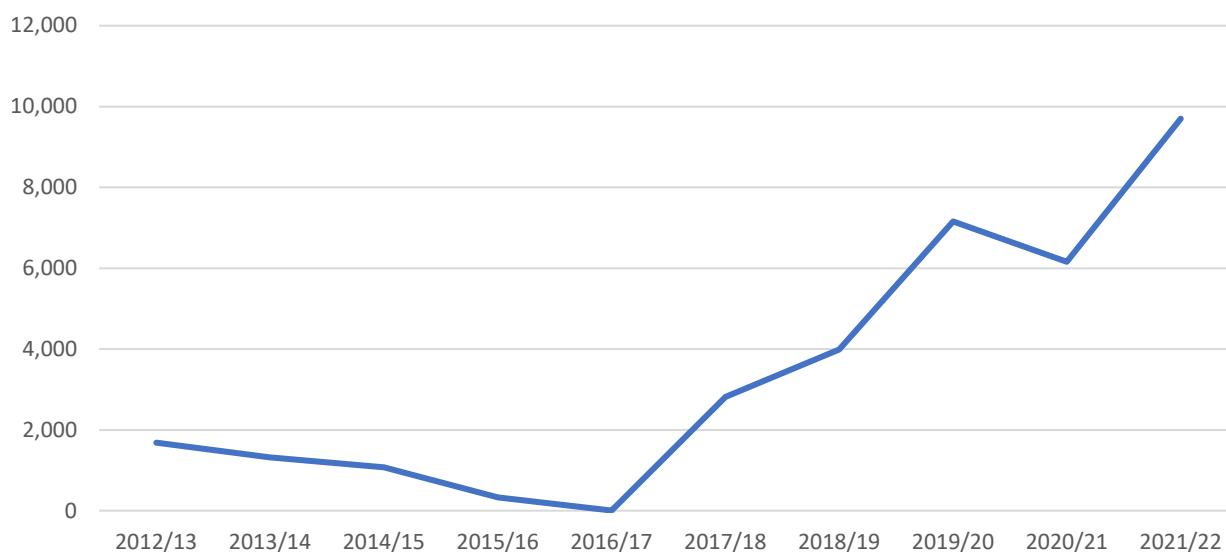
Social housebuilding

The response in London to these pressures has been notable. Under Mayor Sadiq Khan, the GLA has sought to kickstart affordable housebuilding, with a much stronger emphasis on funding new social rent and London Affordable Rent housing, as well as London Living Rent (a new income-linked intermediate tenure).

Grant rates for new build have been increased under the Mayor's £4bn 'Homes for Londoners: Affordable Housing Programme' (2021-26) and new schemes have been introduced to support new build low cost homes and property acquisitions. Most boroughs are now engaged in either joint ventures with developers and housing associations or building social and affordable housing through wholly owned companies or through direct delivery.⁹

London is now seeing a steady rise in building homes for social rent¹⁰ with overall starts of new social, and other sub-market homes reaching 18,722 in 2021/22, up from 7,189 in 2015/16.¹¹ The level of social house building relating to GLA housing programmes has risen from just three homes in 2016 to 9,698 new starts in the year 2021/22. The level of new build is expected to continue rising, although the current economic conditions are less favourable to securing match funding from the private sector.

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



Source: GLA Outturn

Analysis carried out by the Mayor of London and the G15 group of London housing associations put the cost of delivering the London Plan's housing target¹² at £4.9 billion per year. Less than one sixth has been provided in London's share of the government's 2021-26 Affordable Homes Programme. Furthermore, it is important to note that the house building is not keeping pace with rising housing waiting lists, which according to DLUHC's Households in Local Authority Waiting Lists increased by 63,000 to 295,953 between 2018 and 2021.

If the ambition to meet the housing needs of a broader swathe of Londoners is to be realised a wider strategy is needed to boost supply from existing social homes. An important part of that sits with the greater opportunities to coordinate the chains formed from new supply, with subsequent increases in housing mobility helping to reduce overcrowding and enhance housing choice.

Why the focus on vacancy chains?

This study is focused on the movement of households in housing need through existing social housing stock, and taking the 'impact' (i.e. numbers of households in housing need rehoused) from new social housing output (i.e. a new secure and affordable social rent home) as a hook for examining the factors that influence chain length in social housing.

The vacancy chain concept derives from analysis of how a brand new or a newly vacated home creates capacity for people to move into a new home, and whether their home creates another subsequent vacancy, and so on. Housing chains are often conceptualised as reflecting movement through the life course, with the 'bottom' and 'top' of a chain ordinarily framed as when a newly independent household moves into a home, and when a home is vacated after someone is deceased, with all the potential changes in family size in between.

The focus of this study is in assessing the factors that influence movement through social housing stock,¹³ identifying trends that result in an unnecessarily early chain terminus, and developing methods for chain-maximising that are legally robust and retain flexibility for a housing authority to distinguish between different types of need.

Vacancy chains periodically come into fashion where the imbalance of social housing stock and social housing demand are at disjuncture, or when the expected household changes throughout the life course are being constrained by lack of mobility. In the late 1970s a study in Canada looked at how the vacancy chain concept could be used to estimate the number of households which adjust their housing situation as a result of the construction of a given cohort of new units.¹⁴ There was also a flurry of interest again in the 2000s and early 2010s, with Magnusson Turner examining the Swedish context¹⁵ and Ferrari's chain-based analysis of inter-tenure movement in Bradford.¹⁶

In Davies and Craig's study, 'Pretty Vacant: vacancy chains and extra care housing. Stimulating local housing markets' (2011), the focus was on the role of new extra care housing in stimulating local (mainly private) housing markets across the UK. Set in the middle of a long period of house price inflation, with most developers using residual development value, rather than public resources, to fund their scheme, the study showed a general absence of financial incentive for older people to seek smaller or assisted homes. This was seen as less relevant than the need for close engagement with local stakeholders, older people's forums and downsizing residents themselves.

Periodically, the London Assembly Planning and Regeneration Committee and Housing Committee have also made the case for building a higher proportion of family-sized homes and for bedroom mix requirements to facilitate greater chain potential.¹⁷

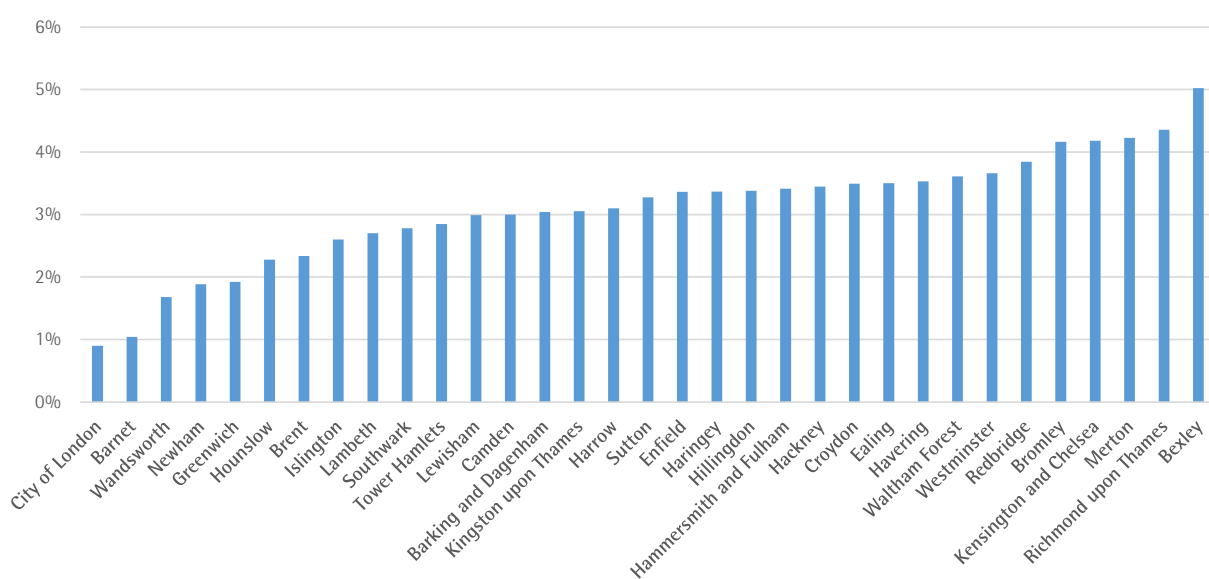
Today's context gives much greater urgency to chain-maximising approaches than previously when social housing waiting lists were shorter and development costs for new social housing were lower.

The problem with churn

While the effect of the pandemic and its lockdown measures was to see vacancies, refurbishments, viewings and lettings almost entirely ground to a halt in most parts of London, the long-term trend has been falling movement through the social housing stock. The majority of London boroughs, for instance, saw slightly more than 3% of their social housing stock newly let in 2019/20,¹⁸ compared with over 10% a decade earlier.

A similar pattern is seen in other major conurbations such as Manchester and Birmingham, with stagnating wages at the lower end of the income spectrum, strong demand and high costs for market housing combining to deter households from moving between tenures. Nevertheless, London has seen much lower levels of housing moves than other areas, such as Medway (11.4%) or Stratford-upon-Avon (13.6%). The national average "churn" in the year 2019/20 was 6.15%, whereas in London it averaged 3.09%, a total of 14,993 lets drawn from a combined waiting list totalling over a quarter of a million.

Proportion of total social housing stock let in 2019/20



Source: Social Housing lettings in England 2019/20' Continuous Recording (CORE) data

Social tenancies – why so sticky?

CORE data suggests that the principal reason for a re-let is because the tenant has moved or died. Internal transfers are also significant, especially for social rent homes. However, overall mobility through London's housing stock is low.

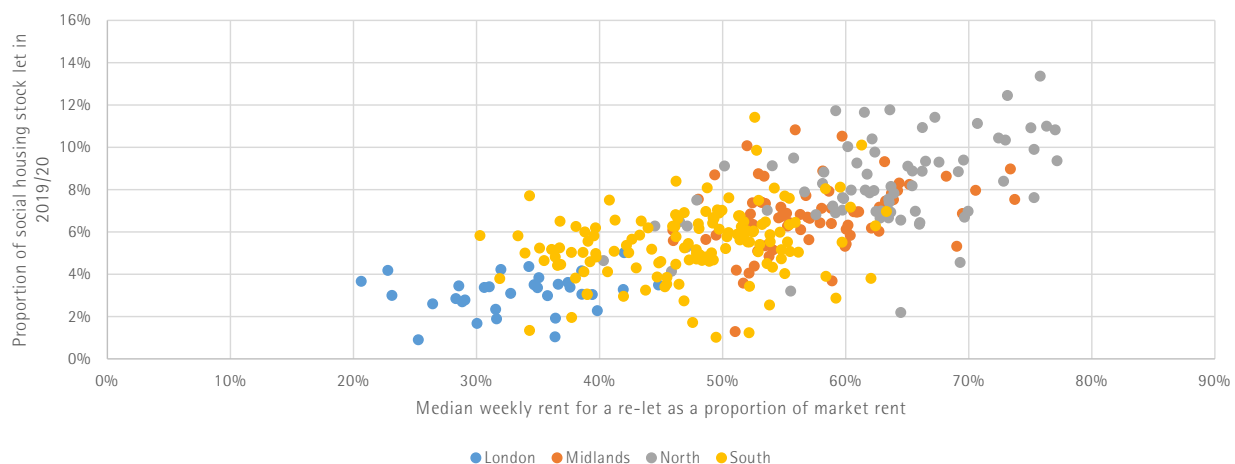
Reasons for general needs properties becoming vacant in London

(% of new properties let in 2019/20)

Relet - tenant evicted due to arrears	4.3%
Relet - tenant evicted due to ASB or other reason	2.4%
Relet - tenant moved to other social housing provider	10.2%
First let	16.8%
Relet - tenant died	18.0%
Relet - tenant abandoned property	2.0%
Relet - tenant moved to private sector or other accommodation	21.2%
Relet - to tenant who occupied same property as temporary accommodation	1.0%
Relet-internal transfer (excluding renewals)	19.5%
Relet-Renewal of fixed term	4.6%

A number of factors can be highlighted to help understand the phenomenon of falling lettings, both nominally and as a proportion of overall social housing stock. There is observable correlation between lower levels of churn in an area and the relative gap between market rents and social rents, with steep differences in cost and security of tenure likely limiting movement between tenures. This is partly noticeable with CORE data, which shows a 30% fall in moves from social housing into the private rented sector between 2012 and 2017. This obviously varies between the boroughs, with the widest gap between social and market rents in high value areas but remains a key factor in all housing markets.

Lower level of movement through London social housing stock compared with rest of the UK



Source: Social Housing Lettings Statistical Release January 2020, MHCLG

Many households who would have ordinarily sought to move (as either their income improved or their family size and housing needs changed) have simply stayed put. Others may have been reluctant to move to the relatively more expensive new Affordable Rent and London Living Rent homes.¹⁹ In fact, Affordable Rent lettings in London have fallen back in recent years in part because of the drop in overall lettings.²⁰

The latest data shows that 38% of new tenants that take up general needs letting come from a previous general needs social tenancy; 21% had been living with family or friends prior to taking up the tenancy; 16% had been living in a private sector tenancy; and 11% had been living in temporary accommodation. The proportions were similar for social rent and Affordable Rent tenants.²¹

The main reasons tenants give for leaving their previous accommodation are moving to independent accommodation and leaving unsuitably overcrowded housing. Leaving because the property is unsuitable or being asked to leave by family and friends are also significant – the latter being the most common reason people applying for temporary accommodation.

There are also strong indications of a chronic under-supply of the kinds of suitable homes that create the most relettable chain-

releasing stock when becoming available, in particular family-sized homes and attractive older people's housing.²² Our research suggests that three bed properties regularly attract the most bids on choice based lettings platforms. This is borne out in a study of changing patterns of social housing demand during the pandemic by Field, Campbell Tickell, Hume and Benson (2021). It can also be seen in the information provided to residents regarding likely waiting times per property size.²³

The improvement in the condition and quality of social housing relative to private rented accommodation in recent years may also have influenced movement between tenures too.²⁴

A 2011 report by the London Assembly set out the case for larger family-sized social rent homes and their chain potential and highlighted the inability of one and one-bed homes in meeting the needs of overcrowded households. The report went on to state:

*"The creation of every large home would resolve multiple families' housing problems; beyond those of the people who actually move in. This works because, when the first family moves into the new large property, their old home is vacated and another, slightly smaller, overcrowded family moves in. This process is then repeated again and again, thereby creating a 'chain effect' in which every family moves one step up the ladder. In this way multiple 'housing needs' are solved."*²⁵

While this logic, as discussed later, needs tempering against the variety of different causes and types of housing needs (including 'chain-terminating' needs) the argument stands that larger homes carry this chain potential, borne out by chain tracking data.

Social housing lettings – why so silty?

While there are rational behavioural reasons that can explain why social tenants are less likely to move, there are also structural and administrative reasons why systems operating for letting social housing have slowed down.

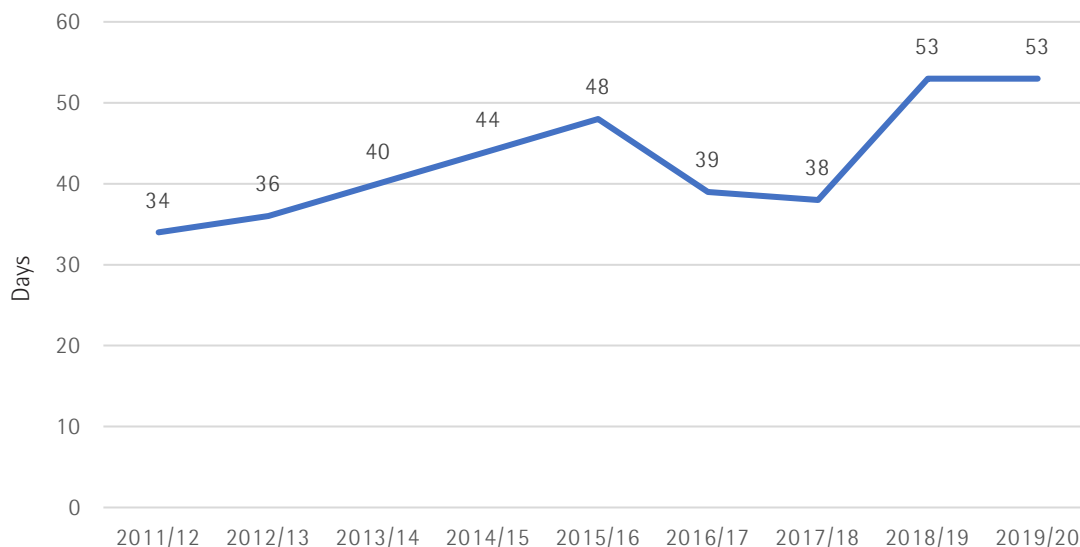
The overarching contraction in stock numbers and subsequent empty homes will also have influenced wider systemic opportunities for movement through the stock, with the time-lag effects of many estate regeneration schemes not seeing replacement housing stock, combined with continued Right to Buy sales.²⁶

The process for organising the refurbishment, advertisement, viewing and let of a social rented home ought to be, by comparison, relatively simple. However, as discussed later, the under-resourcing of repairs services alongside the often narrow roles and disincentives of housing and lettings officers to coordinate chain moves can create a number of inefficiencies in the social house-moving system.

While no centralized public domain data exists to assess the time and expense involved in turning around a vacated social housing property for reletting on a like-for-like basis, we can see from CORE data that mean void periods have increased from 34 days in 2010 to 53 days in 2020, with the pandemic and lockdown measures accelerating this trend.

While it is understandable given the scrutiny that social landlords face that many do not wish to disclose their void turnaround figures, the lack of public-facing metrics for comparing voids by borough or by age and type of housing results in weaker accountability and less priority given to improving turnaround times. This issue is something that groups like London Councils' housing forum and the Housemark Voids Club are looking at.

Mean re-let time for London general needs lettings



Source: CORE

Our interviews also revealed that with many social landlords experiencing accumulating housing investment pressures²⁷ directing resource and capacity for refurbishing existing homes to a lettable standard once vacated is not always prioritised, even though many councils set corporate targets on reducing void turnaround times. Volatility in the supply and price of construction materials, and availability and organisation of multi-skilled operatives are often cited as among the multiple challenges for reletting social homes efficiently.

Furthermore, housing officers and lettings officers' responsibilities are normally set up to consider one tenant at a time and one home at a time, often within a choice-based lettings framework. There is little incentive or infrastructure giving them a vantage point from which to connect tenants seeking transfer and applicants new to social housing.

Many social landlords often retain residents' housing choices and preferences on the one hand, and either occupancy or property data on the other in separate housing management software (HMS) packages. Of the seven HMS' that this study has assessed, none provide a platform with suitable fields for the properties' characteristics and residents' preferences, for simulating - let alone coordinating - chains. Moreover, all choice-based lettings systems we have reviewed offered bidding housing applicants options that are un-networked from one another, meaning that wider opportunities for increasing supply and choice were lost for want of better connecting spatial and social data.

The processes in place for mutual exchange - allowing secure tenants to swap their homes - are also problematic. Our review of active mutual exchange platforms used by councils found that they had all seen a downward trend in overall exchanges. Several factors are responsible for this, from restrictions on downsizing households in rent arrears (normally because they can't afford the rent on an inappropriately larger property) to restrictions on spare bedrooms which are often decisive for older people with care needs. We have also found the requirements for exchanges between secure tenants often obstructing common sense moves in the event of succession where the adult child of a deceased parent might find themselves under-occupied and without tenancy rights.

All the above factors result in an on-going traffic jam model of letting social homes with ill-adapted administrative infrastructures and misapplied regulatory requirements. This results in significant inefficiencies in how social housing is allocated and let.

Chain-making and right-sizing: prioritising a scarce resource

Despite the trends covered in the first section – falling lets and rising need that outstrips new supply – the policy focus on chains and right-sizing has been relatively limited in recent years. Nevertheless, our workshops, interviews and desk review have identified a number of areas where discrete attention is being paid to promoting movement through social housing stock.

Our desk review of London boroughs' allocations policies and lettings practice looked at what levels of priority were given to under-occupiers and over-crowded households, including differing degrees of overcrowding. It also examined which boroughs had annual lettings plan, forecasts, quotas for different kinds of housing need, mutual exchange platforms, local lettings schemes and any updates and new features.

What we found was that most nominating authorities in London are employing a number of light touch approaches to facilitating up- and down-sizing moves. Most are facing a chronic undersupply of larger family-sized homes (which always attracted the highest number of bids)²⁸ and sought-after new older people's housing facilitating downsizing. There were also common tensions between types of priority need being met (direct lets to homeless families and lets to sub-households within severely overcrowded families) and the potential types of relettable stock made available through allocations scheme.

Statute and case law

London boroughs normally retain the bulk of nomination rights over the letting of newly available social housing in their area (some are retained by housing associations). Rules over what kinds of need gets first priority are set down an elaborate legal framework setting out provisions for homeless people and other kinds of priority need.

The most prominent areas of statute and accompanying case law for present-day allocations schemes relate to the Housing (Homeless Persons) Act 1977 and Part 3 of the 1985 Housing Act, which sets out general duties towards homelessness, including controversial 'safeguards' against acts of 'intentional homelessness'.

Parts 6 and 7 of the 1996 Housing Act then broadened the explicit priority needs that allocation schemes would be catering for, including the categories of need for which a 'reasonable preference' should be given in allocating social housing.²⁹ While the 2011 Localism Act then sought to give housing authorities greater discretion in discharging homelessness duties and in setting local priorities and qualification criteria to join a housing register, a number of additional groups have gained greater formal priority since the 1996 Act, including care leavers, members of the armed forces, looked-after children and people fleeing domestic abuse. Post-2011 allocations schemes in London also often gave additional priority to working households and households making volunteering and community contributions.

This accumulation of 'preferences' and requirements set out in statute have formed a priority framework within which councils are legally obliged to meet the needs of key groups of people, all within a position of scarcity. This situation of scarcity gives greater weight and significance to the often nuanced ways captured in allocation schemes in which one group gains priority over another in allocation schemes.

Lettings plans and quotas

Local lettings plans are set up to better anticipate movement into and through existing social housing stock, based on recent trends and upcoming developments such as residents needing to be rehoused in a regeneration area. They are also intended to give some legitimacy to a particular mix of needs being met, especially where lettings decisions are regularly subject to legal challenge in a scenario of scarce stock and declining churn, as well as demonstrate a degree of transparency in how this important scarce resource is apportioned.

Many councils who use their Annual Lettings Plan (ALP) have also sought to provide a rationale (under their homelessness duties) for reducing costly temporary accommodation bills that are a growing pressure on council finances, and so increase the number of placements to homeless households as direct (rather than choice-based) lets.

Where there is a scarcity of social housing available compared to live applications from people seeking a secure tenancy in a social rented home, several councils have created provisions in their allocations scheme to form ALPs that try to match demand and supply by making forecasts and setting quotas on the numbers of different types of priority need realised.

From our review, we identified over a dozen London boroughs operating some kind of ALP or quota system, though only two London boroughs – Lewisham and Haringey – actually made these available in the public domain.³⁰

Mutual exchange platforms

Mutual exchanges involve two secure tenants swapping their homes, often facilitated as an internal transfer by the social landlord or placing homes that are available for exchange on platforms used by other secure tenants in social housing looking to swap homes. Tenants are normally given the responsibility to find an exchange partner and can be commonly found posting details of their homes and what they're looking for on local Facebook pages or Gumtree.

Given the optimal number of people finding the home they need through exchanges that could be achieved based on residents' choices and preference, there is a striking lack of 'pull' from sympathetic and trusted housing officers or lettings officer - for example in not proactively supporting home-seeking tenants in identifying homes that might 'tick all the boxes'.

There are a number of platforms used by London boroughs, such as Homefinder UK's House Exchange, HomeSwapper's SwapTracker and the GLA's longstanding Seaside and Country Homes programme for ageing social tenants, which helps only around 150 households move from London each year. The GLA has recently closed its Housing Moves scheme, set up to enable cross-borough moves, because "there were not enough properties advertised to meet the overwhelming demand for the scheme".³¹

The view from housing options managers interviewed suggested increased applications and declining numbers of moves across the other main mutual exchange platforms. There appears to be a wider prevalence of aborted exchanges due to often marginal non-common sensical factors, be they restrictions on tenants downsizing from greatly under-occupied homes due to seeking one extra bedroom (e.g. restricted from moving from a 4 bed to a 2 bed), or downsizing tenants restricted due to ongoing rent arrears (often because they couldn't afford the cost of a larger property), or restrictions on introductory tenants exchanging when they'd lived in a property a long time but didn't succeed the tenancy from a recently deceased parent. In each of these scenarios, common sense flexibilities would fix potential exchanges, and with them, the ability to ensure people are finding the scarce larger homes needed particularly for overcrowded families.

Under-occupier and internal transfer priority in allocations schemes

The statutory guidance that accompanied the 2012 Welfare Reform Act, which reduced Housing Benefit to under-occupiers, encouraged housing authorities to promote downsizing out of the social sector into 'more suitably accommodation in the private sector'.³² Later supplementary guidance encouraged downsizing within the social housing stock.³³

Nearly all councils give high priority to under-occupying households, with a view to releasing larger stock to meet the needs of growing families. In all boroughs this was the scarcest kind of home available, and the numbers of bids for these three bed or larger homes were normally many multiples those for one bed homes, for which the overall proportion including those being occupied by overcrowded families.³⁴

Some councils operating points-based system, such as Merton, offer large numbers of rehousing points for downsizers for each bedroom given up. Others, such as Camden, Hackney, Haringey and Brent, run allocation schemes alongside specialist under-occupiers support services.

Overcrowded households - which as mentioned has become more commonplace³⁵ - as a well-established 'reasonable preference' category of need, had medium-to-high priority in London allocation schemes, with the most severe overcrowding often featuring in the highest band, while bidding for the scarcest size of property.

Many councils use the statutory (room and space standards) overcrowding definition as their highest priority in, while others distinguished by degrees of overcrowding against the national bedroom standard, whether 1, 2, 3 or more beds short of need. Other councils had cliff-edges in their allocations policies, with statutory overcrowding in the highest band, and all other degrees of overcrowding two bands below, causing confusion for officers in placing complex housing applications with marginal factors in the correct band.

Significantly, for the purposes of chain-maximising, many boroughs give higher priority to overcrowded households in existing social homes (i.e. which would be vacated for new social lets) over overcrowded households in the private rented sector.

A mix of approaches was found for households-within-households, severely overcrowded homes where normally the sons and daughters (sometimes with children of their own) are seeking their own home. Occasionally the sub-household in these scenarios was often not classed as overcrowded where the larger household's need couldn't be catered for independently.

Despite most overcrowded households bidding for a range of bed sizes, no boroughs prioritised one-bed up-sizing in order to maximise the overall vacatable stock within a chain and meet the needs of more overcrowded and other priority need households. The chains data we collected suggests - as well as the simulations covered later - that this is a key method for continuing chains and maximising numbers of households being rehoused.

Downsizing incentives and personalised support

The question of whether and how to incentivise downsizing covers a number of considerations and sensitivities. The negative reaction to the introduction of 'Removal of the Spare Room Subsidy' (2013) or 'bedroom tax'³⁶ for social housing tenants demonstrated clearly that punitive approaches aren't effective and undermine trust.³⁷

However, some evidence suggests that although the policy had been ineffective in encouraging residential moves, it did encourage households who moved to downsize, albeit through punitive means. Many social landlords were subsequently eager to avoid the perception of pressuring or penalising under-occupiers out of homes they will have likely lived in for much of their life.

The challenge facing the boroughs is to incentivise mobility in a fair, dignified and effective way. However, tailored support for tenants is also required, especially for older households. As with previous research into elderly downsizing, the quality of the personal support and the types of home being moved into are key, with the range of specialist and supported housing options meeting practical needs where immobility and wider disabilities needed catering for being key for some under-occupiers. For many other under-occupying residents the need to provide a sufficiently attractive home to make downsizing feel worthwhile was often the decisive factor (i.e. from a 4 bed to a 1 or 2 bed with garden in the right area).

Our review covered a number of councils with proactive initiatives seeking to free up high demand family sized homes by supporting often older residents into better specified and more suitably sized homes for retirement.

Brent council, for example, which found only 5% of qualifying under-occupying households on their books were actively looking to move, have established one of the more proactive approaches in London to supporting elderly under-occupiers into better suited homes in retirement. Alongside significantly enhanced financial incentives on offer, they provide a package of practical support with removals, installing white goods, setting up new utilities, as well as empowering officers to pull in a wide range of services in from multiple agencies across the council.

Camden have also been proactive in this area, employing two full time mutual exchange advisors and two under-occupancy advisors, which have moved 256 downsizers aged 60 or over since their establishment in March 2018. They also offer an initial £1,500 plus £3,000/bedroom freed up, with one 90-year-old couple receiving £15,000 when moving out of a 5 bed to a retirement home in the Midlands.

Many boroughs in our review offered cash incentives, with up front sums, removal support, and fixed sums for each bedspace or room released. Some 13 London boroughs offered £2,000 or more for each room freed up.

We also found a growing number of councils ringfencing attractive existing properties or high specification new build homes for under-occupiers. Brent's downsizer support scheme gave officers the discretion to place a time-limited 'freeze' on a home going out for bidding where they thought it would meet the needs of under-occupying clients they were working with.

Wandsworth also have an explicit reference in their allocation scheme to 'ringfencing' new build social homes for under-occupying council tenants, unless there were exceptional reasons for not doing so. This was to create vacancies that 'increase the number of under-occupation transfers and the availability of larger family units for letting'. Wandsworth were also notable for distinguishing between degrees in downsizing in its scheme, giving the highest band A priority to households releasing 2 or more bedrooms.

Role of local lettings schemes

We found that 24 London boroughs also employed different kinds of local letting schemes - bespoke allocation schemes that apply to new build social homes whereby tenants living close to a development site for new social housing were given priority bidding over tenants from elsewhere in the borough. The rationale for these schemes were partly to ensure that new supply was working to strengthen communities by ensuring local connections to schools, work and friendship networks and that the 'burden' of local construction activity met with a 'reward' of having first access to the new homes. Also prioritising local tenants would see their homes vacated and 'back-filled', and so made available to the wider borough-wide register.

Most councils used local lettings on a discretionary basis from time to time where there was local community or political pressure to prioritise local housing need. Others only use local lettings schemes for regeneration schemes, where residents needed rehousing in a given area due to their homes being demolished and redeveloped. These schemes are also typically used to provide temporary accommodation after secure tenants had been rehoused.

Some councils, such as Islington, Haringey or Southwark, took a more strategic approach to maximising local benefits from new build development, particularly where the homes were built on estate infill sites that altered the layout of an existing estate. For Haringey, a blanket 'Neighbourhood Moves' scheme introduced in 2021 giving all secure council tenants within a 200m radius of a new social housing scheme a period of reserved bidding, while in Southwark bespoke local lettings policies were adopted scheme by scheme based

on an analysis on immediate priority housing need in surrounding streets and blocks. Depending on the level of housing need identified these would normally default to 50% of the new homes reserved for local lettings, or up to 100% in exceptional circumstances.³⁸

Other local lettings schemes on new build lets, such as Hackney's 'Keeping Communities Together', would often give priority to 'sub-household' adults moving out from living with their parents. This would help those residents gain independence and relieve overcrowding, but also generate no new chain or placements from temporary accommodation.

Brent's enhanced incentives scheme for downsizers

Brent council have a long-standing corporate commitment to reducing the numbers of people in their borough living in temporary accommodation. This sits alongside an ambitious programme of building or facilitating 5,000 new affordable homes by 2024 (including 1,000 new council homes).

The strong focus on eliminating temporary accommodation in the borough has been supported by Annual Lettings Plans reserving as high as 70% of newly available social homes for homeless households, alongside 15% for home seekers in the PRS and 15% for internal transfers.

While the focus on preventing and relieving homelessness has seen some success, with 77% of the 5,786 homeless approaches in 2020/21 prevented or relieved, other categories of priority need, in particular overcrowded households have continued to rise.

In response to this, Brent have undertaken modelling work to forecast supply trends and have found a significant shortfall of 3 and 4 bed properties across their overall stock. They have subsequently worked on altering the bedroom mix of their own and other development programme to deliver a higher proportion of family sized homes.

Having put in place a dedicated housing officer working with under-occupiers, they managed over a 12-month period to successfully support 31 households to transfer into smaller properties, releasing one 6-bed, two 5-beds, three 4-beds, sixteen 3 beds and nine 2-bed properties.

This dedicated work has been essential to the work of this pilot, with housing officers needing to know their patch, build trust with elderly residents by being responsive empathetic and patient, and helping them both manage expectations as well as visualise their lives in another home, often by visiting other older tenants who'd successfully downsized. This team also had the ability to ringfence 'nicer', more attractive properties for residents who were likely to release the most bedrooms, in particular ground floor homes with exclusive gardens.

Off the back of this successful pilot, Brent have subsequently introduced the most assertive downsizing incentive scheme anywhere in London, as well as reducing the homelessness quota in their annual lettings plan from 70% to 60%.

The scheme 'Maximising use of the housing stock', offers up to £5,000 per bedroom freed up, plus additional premium sums for large and wheelchair accessible properties, alongside personalised support for finding a suitable new home, free removals, new white goods, handyman services and support to redirect post and getting set up with a new GP and with energy suppliers.

Southwark: family-sized homes and a chain-making scheme

One of over 150 sites for new council house building in Southwark, the Welsford Street development in South Bermondsey, is unusual for being a row of two terraces on a confined site and entirely formed of family-sized homes including six 4-beds. This represented a significant opportunity for shaping and tracking long chains. Where the council could have made ten direct lets to homeless families and rehoused only 10 households, a detailed analysis of all the priority need households' needs and existing homes within the local lettings area of surrounding streets and blocks found that a pure chain-maximising approach (where upsizers moving up by one bedroom were given priority, while ensuring the most severely overcrowded households and medical/welfare priorities were still rehoused in appropriate housing) would release 49 new social homes throughout 6 rounds of chains, and this before factoring in the effect of elongating chains with downsizers.

While an explicit chain-maximising approach such as this was not adopted as part of the accompanying local lettings scheme (with legal counsel recommending more in-depth consultation, as detailed in the consultation requirements section), a series of informal approaches to under-occupying and bed-stepping (i.e. families upsizing by one bedroom) households in the local lettings area were made to encourage bidding during the reserved local lettings period.

This resulted in eight 3-bed council homes being released from the first round of 10 lets, so guaranteeing a high likelihood of between x3 and x4 multiplier in the number of homes made available from the initial 10.

Tower Hamlets: Decentralised decision-making and lettings under a common register, Eastend Homes

Tower Hamlets' mix of local community-led housing associations is unique across London for the strong partnership ethos and shared governing framework for lettings within and between different partners' social housing stock. Across 23 social landlord partners, Tower Hamlets operates a Common Register, where social landlords not only share an integrated IT system but (a few exceptions aside) can make allocations and lettings of their own properties under a common allocations scheme. Some housing officers would also have access to non-sensitive or GDPR-protected details of housing applicants and have the ability to make chain connections between different residents on a regularly updated transfer list.

A housing manager with decades of experience at Eastend Homes commented that chain construction was possible due to:

- the will and knowledge of the housing officer to coordinate such a chain, and the explicit license given in the allocations scheme
- the trust built up over a long period between housing officers and tenants, and the ability to transparently show housing options and gain confidence by enabling viewings
- the relative empowerment and discretion afforded to housing officers

In this example, the housing officer was not only sufficiently embedded in the community to be trusted to make decisions with residents and manage and shape expectations around moves but had sufficient vantage point to match local need with vacatable stock.

By merging the boundaries of the housing officer and lettings/viewings officer, the council officer was able to set up face-to-face meetings, ringfence newly available homes that would be attractive to downsizers, chase repairs, and organise viewings in occupied homes (sometimes incentivising with small payments) where a potential chain was being explored and the tenant knew and trusted the coordinating officer.

The key difference with other nominating authorities here is in the extent to which the borough's Common Register empowers housing officers to coordinate local lettings with a clear audit trail, rather than deferring back to a centralised nominating authority. There is also a degree of strategic oversight and training for housing officers. For example, to make common sense decisions based on the competing types of housing need in their area, e.g. not seek to create too lengthy a chain when a sub-household within a severely overcrowded home is unlikely to create a new vacancy and relet themselves.

The housing officer at Eastend Homes stated that her 'record' chain length was across no fewer than 8 households, from an initial vacancy in a 4 bedroom house.

Movement between councils and housing associations

While most councils across London maintain nomination rights over all new build social and affordable homes, many housing associations, in particular the larger ones, maintain their own allocation policies and transfer waiting lists. As with council allocation schemes, all those we reviewed in this study gave priority to under-occupiers and broadly followed similar levels of priority in relation to medical and welfare needs, or to people in homes that were overcrowded or in disrepair.

A notable feature of our review was the controversial practice of affordability testing in the housing association sector for new tenants seeking a let with a new Affordable Rent home. This has become particularly sensitive in light of benefit cuts and the recent cost of living crisis. The Chartered Institute of Housing's study on allocations and affordability assessments concluded:

"There is evidence of providers using them with the sole aim of supporting people into sustainable tenancies and this is the kind of practice we would like to become mainstream, rather than the more cynical aim of using them to avoid or screen out risk."⁹⁹

Some leading housing associations have since moved away from checking nominated households. Nevertheless, pre-tenancy assessments and affordability checks are reported to be commonplace although details on the stringency of the different tests is unknown.

In relation to council nomination rights over new social and Affordable Rent supply, many housing association's hold agreements with councils allowing for a 'net voids' position in relation to homes made available to the council's wider waiting list. This in practice would mean that housing associations would use any newly vacant housing to prioritise solving management issues or meeting unmet needs from their own transfer list, while offering up a different home to the council for the general waiting list. The common practice here involves the council and housing association agreeing a proportion of 'net voids' (also known as 'true voids') – those that arise as a result of tenants leaving the sector. Additional voids that are created via internal transfers do not get included in these calculations. The process does not normally include newbuilds, however, as local authorities generally require 100% nominations on these.

While the spread of council and housing association nominations has made it difficult to track vacancy chains arising from new housing association supply, for the purposes of chain-maximising, this practice of 'off-book' lettings would conceal the extent of housing needs being met, and what spread of housing need categories find relief. As mentioned, CORE data suggests very low levels of churn in housing association stock, even where fixed term tenancy renewals are reported.⁴⁰

The only local lettings scheme we identified in London applying to a housing association scheme with council nomination rights is in Southwark - the Peabody 'Tannery Way' scheme on Willow Walk in Bermondsey where 42 social rent homes have just been completed. This local lettings scheme covers a number of council estates and Peabody estates in Bermondsey and the Old Kent Road, and places all applicants for rehousing from existing social homes, whether council or Peabody, in the same bidding pool. The first round of lettings is due mid-2022.

Chains realised from recently completed social housing schemes

This study has collected and analysed vacancy chains realised from over 20 schemes across seven boroughs, each showing the size and types of homes vacated by the household moving in and the reasons for moving. The information covers a mix of inner London and outer London schemes, including schemes with a higher proportion of larger family-sized homes, some with a higher proportion of one- and two-beds, and others with adaptations and specialist features and support. It also covers schemes with differing levels of emphasis in catering for under-occupying, overcrowding and discharging homelessness duties into social housing under the housing authority's allocation scheme.⁴¹

The categories provided as reasons for moves have broadly resembled the categories given in the CORE data (e.g. overcrowding, medical priority, welfare emergency, fleeing domestic violence, moving on from temporary accommodation), though a number of others have featured in our data too, such as moves by mutual exchange or moves for foster carers.

Five of the schemes analysed were from vacancies arising from within existing stock following a 'true void'. These voids varied across inner and outer London, with a variety of some with larger or smaller bed sizes, some with higher levels of accessibility features.

A number of patterns and inferences can be taken from the data collected:

- As expected, in boroughs dealing with very high levels of homelessness, direct offers were often made with chains subsequently being curtailed early. The most acute needs understandably receive the highest priority, but in being allocated the first round of chains (in the new build homes) the chains subsequently terminate early, limiting any opportunities for rehousing other categories of housing. One chain saw fewer than 60 lets and relets from a 44-home scheme, where 30 of the new homes were made available to homeless households in temporary accommodation. Based on occupancy data and simulations of potential chains based on waiting list choices, this scheme could have rehoused between a total of between 130-160 households across the chains.
- Local lettings schemes, while not in and of themselves a basis for improved churn, can provide a framework for neighbourhood-based chain-making. When prioritising internal moves from within existing stock, local lettings schemes can not only create supply opportunities for non-chain terminating housing needs, but from a chain-wide perspective additional opportunities for homeless placements. Local lettings schemes that gave explicit priority to 'adult sons and daughters' (as on infill schemes), resulted in no chain potential realised through rehousing under-occupiers and no homeless need from temporary accommodation being met.
- Under-occupiers downsizing always released homes which allowed for greater chain potential, and time and cost investment in identifying suitable homes for downsizing proved worthwhile with the subsequent chains rehousing.
- Up-sizing overcrowded households moving up by one bedroom allowed for greater chain potential with their vacancy than those moving up by two or more bedrooms.
- Lettings to households moving from buildings due for demolition/redevelopment or building safety works would result in lost chain potential, with possibly long time intervals between their moving and demolition/repairs taking place resulting in an opportunity cost. Such households would however normally be given priority for higher spec new build homes than other kinds of transfer requests.

Vacancy chain scenarios compared

From our analysis we estimate that chain maximisation *could* be rehousing between 50% to 150% more households. However, the potential in each scheme depends on a borough's allocations policies, lettings practices and spread of need-types. Priority housing need requirements, such as placements for homeless households and decanting residents because of demolition of invasive building works, are the main 'chain-terminating' factors.

The extent to which these factors are met at the expense of chain-continuing types of housing need is considered in the following comparisons.

Ideal types

In the example below, we compare two 'ideal-type' chains realised from the 10 new council homes completed in November 2021 in the London Borough of Southwark. This scheme is used because it is small enough to analyse straightforwardly, is surrounded by significant evidenced priority housing need in surrounding streets and blocks, and is comprised of family sized homes with significant chain potential (four 2-bed 4-person homes including a wheelchair accessible home, and six 4 bed-6 person homes).

We also have the benefit of detailed data on the homes that *would* be vacated by local housing applicants so can simulate chains based on the applicants express choices and preferences around their ideal size range, amenity requirements and location of home.

It is worth noting that a fuller dataset detailing over- and under-occupation of households that are not on the housing waiting list would potentially uncover a far greater number of homes with chain potential than that which can be inferred solely from households applying for rehousing.

The two 'ideal-type' chain lettings scenarios are at the poles of minimal and maximal chain-making, where the minimal first round of lets release no new social rent homes for reletting, and the maximal where a combination of enhanced downsizer priority and one-bed up-sizer priority produces a series of moves and newly met housing needs across 6 rounds of lettings.

In regard to the context, the comparison is made in respect of 67 households bidding and living within the local lettings area – i.e. existing secure tenants in local-council homes. Of the 2- 3- and 4-bed need households, all 39 households' covered, the current house size and type were identified to quantify the chain potential from the home they would be vacating were they to move.

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

Of those 39, 17 were assessed as a having a priority banding (i.e. reasonable preference categories under this allocations scheme).

Priority band	2 bed need	4 bed need	Total
Under occupiers	3	0	3
Management transfers	0	0	0
Overcrowded households	5	6	11
Statutory overcrowding	0	0	0
Medical needs	2	1	3
Accessible housing requirement	0	0	0
Sheltered housing	0	0	0
Total	8	7	17

The standard format for a chain tracker would look similar to below, with details of names and addresses omitted and the chain represented as a set of housing needs or reasons to move, alongside the size and type of home moved into and home vacated. While the reasons to move were set to resemble the categories used in the Continuous Record of Lettings and Sales, a number of additional subtleties in reasons to move in allocations schemes were given by boroughs returning these forms.

Housing scheme vacancy chain tracker

Schedule of bed mix and housing type:	X6 4bed 6 person, X4 2 bed 4 person (including 1 disabled access
Nominating authority:	London Borough of Southwark

Reasons for move categories (based on CORE categories)

Medical needs / ill health/ disability	Overcrowded	Under-occupying	Eviction or repossession	End of AST	Asked to leave by friends/ family	To move nearer work	To move nearer family, friends, school
Property in poor condition/insanitary conditions	Fleeing domestic violence	(Non-violent) relationship breakdown	Loss of tied accommodation	Needing accommodation with support	Can't afford rent or mortgage	Other	Don't know

Key

Bed mix and housing type	
Reason for move	Bed mix and housing type of home vacated

Simulation 1: homelessness prioritised

The following gives a simulation of a lettings approach in which no chains are realised, where a chain-terminating 'reasonable preference' category of need (in this case homeless households) are given highest priority. For many boroughs with high quotas for homeless placements and reducing numbers in temporary accommodation this kind of chain is common.

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

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

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

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

Simulation 2: lettings with a chain maximising protocol applied

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

This is contrasted with simulation 2. Here a chain-maximising protocol is applied prioritising chain-continuing lettings. It also targets certain bed sizes and for particular 'reasonable preference' categories chain-terminating need. In total this approach results in 48 lets

across up to 6 rounds of lets. This includes 22 overcrowded households and releasing a home (of which 3 were in severe statutory overcrowded homes), 2 overcrowded households-within-households, 7 under-occupiers, 5 homeless households, and a number of medical and welfare needs.⁴²

While the balance between terminating chains for priority reasonable preference can be varied by the protocol design (see Coordinated Chain protocols discussed later), the effect of rehousing many more households in housing need is profound. The reality of how lettings chains play out, even with a local lettings scheme priority local tenants transferring out of relettable homes, lands somewhere in between.

Real world chain-making: maximising the benefits

While the Southwark chain is still in the process of being realised, the operation of a local lettings scheme and the provision of warm, attractive high spec new homes with gardens attracted successful bids for under-occupying households. In the second round of lets into the vacated homes we can see placements for homeless households and a statutory overcrowded household from the private rented sector resulting in chains terminating.

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

The difference – of 10 vs 48 households rehoused – between offering the highest priority chain-terminating placements in the first round of lets (i.e. producing no chain) as in simulation 1, and as in simulation 2 constructing and coordinating chains by introducing a balanced degree of additional priority to a combination of under-occupiers and one-bed up-sizers, is profound. These differences, and the spread of needs met, point to the limited dimensionality of nominating authority's strategies for utilising their housing stock to maximum public benefit.

Barriers to chain maximisation

While the current state of the art in using allocations policy and lettings practices is relatively limited, it is worth our examining the practical factors that constrain councils and social landlords in promoting chain-led approaches to meeting their residents' housing needs and preferences.

The opportunities for coordinating extended chains are shown here to be significant, but there are a number of barriers. These range from the extent to which nominating authorities vary in their adherence to the governing legal frameworks that underpin allocations to how local planning policies determining requirements for housing sizes and types do so with only a partial view of existing stock and the flows of household formation through the population. In addition, there are widespread frictional factors, including the refurbishment and turnaround of void homes and the administration of lettings process. The principal barrier to rehousing more households in housing need, however, derives from allocations policies.

Chain continuing lets vs chain terminating lets

Chain extending	Chain terminating
Internal transfers down-sizing (free up additional bedspace for unmet demand)	Homeless households from temporary accommodation
Up-sizing by one bedroom, two or more (chain potential reduces as extent of up-sizing increases)	Households-within-households (i.e. adult sons and daughters living with parents), and other sub-households in severely overcrowded homes
Any internal transfers with medical and welfare priority from within council or housing association social housing stock	New tenant to social housing from the private rented sector
	Decants from blocks due for redevelopment (where there is a lengthy time interval between demolition and a newly developed replacement social rent home)

Growing budgetary pressures to meet chain-terminating needs

Many boroughs are under intense pressure to reduce the growing numbers of homeless households in temporary accommodation. The cost of temporary accommodation to councils is rising and housing teams are struggling to source suitable and affordable interim temporary accommodation or settled, move on housing.

Problems in finding affordable private rented accommodation for homeless households, compounded by Local Housing Allowance rates falling well short of market rents, is forcing some boroughs to look at accommodating more households in what social lets are available. While this can represent some progress in alleviating and preventing homelessness, homeless placements into social housing have the effect of terminating vacancy chains early. This is problematic as it can incur a significant opportunity cost on other people in acute housing needs (notably those in overcrowded housing who may themselves become homeless).

There is also an apparent tension in allowing a larger family sized home to be let to a homeless family and so terminating the chain, or to otherwise construct a longer chain by promoting downsizing and one-bed up-sizing, and so creating a bias (towards smaller homes) in the types of accommodation made available for homeless households. Again, this presents the boroughs with difficult challenge as there is an acute shortage of family sized homes in the PRS and the waiting time for homeless families to be rehoused is rising rapidly.

However, the Coordinated Chain approach described later in this report allows for this tension to be resolved by pre-identifying target needs (such as homelessness or severely overcrowded homes, or particular medical or welfare emergencies) in constructing social housing chains.

Voids requirement and turnaround

For most lettings in the social housing sector, a home needs to be vacated, checked for defects, surveyed and where necessary subject to a range of light refurbishment measures ('minor voids') or invasive repairs such as dealing with damp, mould, electrics, or structural issues ('major voids'), before then being made available for viewings and reletting.

The works would be mainly undertaken by an in-house repairs team who send messages through to a housing options and lettings team to then upload the property details on their homeseach platform for prospective tenants to either bid for in a choice-based lettings or make available through a direct letting to a priority household. Direct lets will nearly always represent an urgent case within the reasonable preference categories, or in pursuit of fulfilling a pre-determined quota target as forecast in an ALP. The latter kind of direct let will normally be made by an officer whose role and discretion is specified in the allocations scheme.

Many councils and housing associations have identified voids turnaround performance as a key metric in housing management performance. Our research showed most London council landlords had plans in place to deal with voids turnaround though we found very few instances of allowing for simultaneous viewings of occupied homes for future let. Reasons given suggested a general institutional nervousness, partly linked to issues linked to safeguarding and insurance, but also a lack of trust between landlord and tenant.

Lockdown, and the restrictions on surveys, repairs and viewings in much of 2020-21 increased void turnaround periods in spite of widespread efforts to relax refurbishment requirements and use voids to urgently house key workers, homeless families in shared hostels, rough sleepers and other vulnerable people.⁴³

Landlords not only saw a loss in rental income, but a slowing down of the 'traffic jam' system of homes being vacated, checked, refurbished and relet. A total of 5 out of the 33 boroughs subject to our desk review held voids numbers and turnaround targets in their publicly available KPIs, and only three published their figures publicly.

There is no mention of voids turnaround in the Social Housing White Paper (2020), and aside from void loss reporting for housing associations in the annual Global Accounts there are no reliable and *consistent* centralised methods for calculating void numbers or publicly available data for comparing void turnaround for council landlords on a like-for-like basis by property type and age. However, the central data available on vacancy days through CORE however shows a general upward trend with mean re-let times increasing from 34 days in 2011/12 to 53 days in 2019/20.

The circumstances of lockdown measures during the pandemic drove some innovation in the void turnaround, with increasing use of virtual viewings and more extensive use of pictures and layouts on home searching platforms as on platforms for market housing like Rightmove. These changes took place alongside more digital sign up and remote explanations of property details and tenancy terms to applicants and prospective tenants. There was also greater use of direct lets.

The effect of long void periods for the purpose of chain coordination is significant. In the few instances we identified of chains coordinated where tenants were waiting for movement elsewhere on the chain in place of bidding for alternative properties, the intervals between moves were a critical factor in maintaining buy-in for both the council and prospective tenants. Shorter intervals between relets therefore facilitates scope for a higher numbers of moves where housing applicants are aware of the chain relationships around them.

Equalities and discrimination considerations

As discussed earlier, the wider legislative environment for social housing allocations is defined by a broad body of statute, case law and Secretary of State guidance. Decisions that a nominating council make on lettings are subject to their adopted allocations scheme, following wide-ranging consultation and scrutiny. Most councils renew their allocations policy every 5-8 years, though we have found main allocations scheme that haven't updated for over a decade.

All allocations schemes and lettings decisions are subject to challenge under the Public Sector Equality Duty (s149 Equality Act 2010), and all decisions are made formally with regard to the lawfulness of schemes. Before any challenges to policies and decisions are made a pre-action protocol letter would be sent from a claimant's solicitor to the local authority to try and resolve a dispute before court proceedings are pursued.

Where the supply of social housing is scarce this inevitably attracts tensions between the interests of people with different types of housing need, especially those covered by the 'reasonable preference' categories in Part 6 of the 1996 Housing Act. From these tensions emerge zero sum scenarios over who is allocated an available home and who gains priority in an allocations scheme, and with this greater scrutiny from social housing lawyers and housing campaigners.

Our workshops and interviews found that the risk of legal challenge and potential costs against a council is a major factor in shaping allocations schemes and has had in some instances a 'freezing effect' on councils wanting to attempt changes that facilitate multi-lets. Even with the flexibilities in allocations schemes and greater scope to set qualification criteria for joining a housing register given in the 2011 Localism Act, a great many legal challenges have followed, more often than not due to administrative errors, loosely-written wording in allocation schemes, and often on the basis of discrimination against people with protected characteristics as defined in the 2010 Equality Act.⁴⁴ While these are for the most part progressive provisions designed to protect often discriminated against groups, the regularity of such challenges have been cited by one of our interviewees as forming an overly litigious environment for updating an allocations scheme.

While chain lettings have never been practised so explicitly as to attract a legal challenge, there are relevant areas of case law with judgements that comment favourably on the goal of promoting churn and creating more opportunities to allocate scarce social homes (regardless of which reasonable preference or protected characteristic would benefit).

The most relevant for the purposes of assessing how 'chain creating' logic would be treated in the courts is *R (C) v Islington LBC (2017)*⁴⁵ where Islington council operated a local letting policy which prioritised the letting of new homes to people currently living in the estate on which they were built. The Claimant argued this unlawfully discriminated against the homeless and victims of domestic violence, who were more likely to be women. The Administrative Court held that because the local lettings policy increases the opportunities for securing homes for 'reasonable preference' applicants, both directly and from homes subsequently vacated by tenants benefiting from local lettings priority, the claim was dismissed.⁴⁶

The ruling suggests that because any discriminatory effects were being monitored and not depriving the claimant of 'net' opportunities for rehousing, that the overall amount of discrimination could be justified where the allocations scheme had set out a clear aim of increasing the opportunities for 'reasonable preferences' [households in priority need] to have their needs met. Any allocations outside these clear terms of the allocation scheme would be unlawful if created but not published.

Behind this ruling sits the Code of Guidance accompanying the new flexibilities on allocations provided for in the 2011 Localism Act, which states that local housing authorities are free to prioritise groups of applicants who do not fall into reasonable preferences provided that:

- i) they do not dominate the scheme, and
- ii) overall, the scheme operates to give reasonable preference to those who are in the statutory reasonable preference categories over those who are not (English Code 4.19)⁴⁷

The Code also encourages local housing authorities to "take advantage of the flexibility" provided with the 2011 Act, and many are actively doing so with a number of local lettings policies applying across the UK, with variable effects on chain length.⁴⁸

While many councils take the 'reasonable preference' categories as the sole basis for priority in their allocations scheme, cases have also established the scope for other groups of applicants and allocations strategies and other groups of applicants, most notably the House of Lords case of *R (on application of Ahmad) v. Newham (2002)*.⁴⁹

This case requires that the people encompassed within that section are given 'reasonable preference', but not require that they should be given absolute priority over everyone else. This means that an allocation scheme may provide for other factors than those set out in section 166A (3) to be taken into account in determining which applicants are to be given preference under a scheme, provided that, as in the Code of Guidance, they do not dominate the scheme, and the scheme operates to maintain reasonable preference to those in the statutory reasonable preference categories.

The Secretary of State encouraged authorities to "consider the scope to take advantage of this flexibility to meet local needs and local priorities." The House of Lords also made clear that, where an allocation scheme complies with the reasonable preference requirements and any other statutory requirements "the courts should be very slow to interfere on the ground of alleged irrationality."

Where priority might be given to a transfer case (whether in a reasonable preference category or not) over a particular *point* in a chain in order to enable maximum reasonable preferences to be secured, as an explicit approach to chain lettings, this question is yet to be tested in a court.

Devising chain-maximising approaches changes to an allocations scheme would need to: meet the entire housing needs of a given area, either through a local lettings or a borough-wide scheme and be explicit in its goal of improving access to social housing. Creating churn would also not need to impinge on the operation of the rest of the allocation scheme or on any reasonable preference groups.

Undersupply of chain-making for older people's and family-sized homes

As the chain examples in the London Borough of Southwark (deriving from family sized homes) and *Davies and Craig 'Pretty Vacant'* (deriving from older people's homes) demonstrate, the greatest chain potential can arise from larger 3 bed+ homes, either built directly or released from downsizing into new development.

This is significant as observing from a needs-neutral perspective - concerned solely with the total numbers of households rehoused - specialist older people's housing presents the greatest opportunity for downsizing-led chains, and larger family sized homes present the greatest opportunity for chains elongated by one-bed up-sizing.

While an increasing number of social house-builders, and councils in particular, now shape their development programme around identified needs on their local housing register, many had been reverting to planning policy requirements, which take their cue on housing types and bedroom mix from Strategic Housing Market Assessments (SHMAs).⁵⁰

The GLA's 2016-23 Affordable Homes Programme provided a fixed grant tariff per unit, regardless of bedroom size or per square metre cost, largely to provide funding certainty during a period of policy and organisational volatility for many recipients. While the funding guidance expected some adherence to the 2013 London-wide SHMA, including for 36% social homes to be 3 bedrooms or larger⁵¹, this had in some instances created a higher level of grant per habitable room for smaller homes, and a budgetary pressure towards smaller unit sizes. The subsequent 2021-26 Affordable Homes Programme by contrast used negotiated rates to better effect.

While the statutory and 'reasonable preference' categories of housing need discussed earlier will always have some priority in all council's allocations schemes, different councils will experience differing financial, political and community pressures to rehouse particular categories of need over others, as reflected in priority points or banding, and in quotas set down in annual lettings plans.

The variable science of calculating bedroom mix for new build schemes is ordinarily set by local planning policies which are themselves determined by SHMAs at local and sub-regional level, setting out future housing requirements. SHMAs (alongside strategic land assessments) will normally then inform a local authority's housing strategy, planning policies, housing numbers, types and bedroom mix. SHMAs (drawn mostly for the English Housing Survey) inform the development of the Mayor's London Plan and London Housing Strategy. Many SHMA exercises are also rooted in demographic and population projections with baseline data set several years prior, including many with pre-pandemic and even pre-Brexit assumptions about population and household growth.

However, the methodologies carried out for SHMAs vary greatly, with some giving more or less weight to housing backlogs (i.e. concealed households, or 'non-core' homelessness). Studies also identify the extent to which SHMAs vary between static and dynamic views of existing stock (i.e. calculating the need for new stock, and the 'flow' - and subsequent need - of new emerging households, and how supply prompts household formation, not just how demand prompts supply).⁵² This is broadly a concept that shows limits on supply resulting in 'suppressed demand', and constraints on progressing through stages of the life course, alongside a concept of new supply creating a form of 'induced demand', with applications to join housing registers reflecting the supply available.

The relevance here for the purpose of assessing chains and the rehousing impact from new supply is that councils and other social house-builders had not been regularly basing their bedroom mix on a more holistic assessment of housing need, either taken from their housing register, or from a wider analysis of over- and under-occupancy in existing stock and the 'through-put' potential from different types and sizes of new homes. While policy H10 of the 2021 London Plan has sought to encourage boroughs to draw upon housing registers and numbers of overcrowded and under-occupying households, fewer than 10 of the 150+ councils surveyed in Morphet and Clifford's nation-wide study of local authority direct delivery of housing reported outturns of programme-wide bedroom mix and housing types.⁵³

This general trend is reflected in GLA data on the proportions of homes completed by councils and housing associations falling steadily from 31% in 2011/12 to 21% in 2019/20, where this was as high as 39% in 1997/98.⁵⁴

Roles and skills of housing officers

Given the emphasis of this study on council's capacity to coordinate between occupancy and need, and the distinction between single-let and multi-let approaches to allocations, our interviews and workshops sought to understand the spread of roles and skills of officers involved in influencing the housing choices of tenants in different housing management settings. This included analysing job descriptions, structure charts, and directly interviewing housing officers on how they dealt with tenants at different points during their tenancy and at points of transition in their lives.

For most council and private registered providers there would be a clear division between lettings officer teams involved in administering bids organising viewings making offers and handing over the keys, and resident service officer teams, empowered to advocate on behalf of residents, enforce the standards of a tenancy lease and to work across all departments and external agencies to resolve issues for residents.

While resident services officers would often take an interest in any tenant's unmet housing need, they would not always be formally expected to act on transfer requests. Normally the only point in the process for checking residents' satisfaction and suitability for a given home would come with an annual tenancy review, where the officer would check that a property is occupied and no unauthorised sub-letting taking place. Few councils appeared to provide resident service officers with access to internal transfer request lists and would only be involved in facilitating mutual exchanges between households on an internal transfer list, when prompted to do so by residents, senior management or elected representatives.

Separate to the day-to-day involvement of such housing officers, lettings officers would be tasked with ranking bids for available homes on choice-based lettings platforms, liaising with repairs operatives to monitor void times, organising viewings of shortlisted applicants and ensuring successful applicants comply with terms of the tenancy. They would also be expected to work closely with external agencies such as social services to support vulnerable households with their rehousing. The lettings officer would only make

contact with the housing applicant *after* they had either bid for a home or had a home automatically allocated to them.

The division between the housing officer's established relationship and understanding of a tenant's needs and aspirations on the one hand and the lettings officers' process on the other, leaves limited room for an assisted choice that supports and coordinates multiple lets together. Examples we found of such assistance and chain coordination taking place came where the roles of housing officers and lettings officers were blurred, or where common allocations frameworks decentralised responsibility for lettings *decisions* to area managers or housing associations, rather than referred back centrally to the council.

The lettings process thus more often than not becomes highly mechanised and centralised with limited scope or incentive for officers best placed to build long-term trust with tenants to help facilitate moves. For under-occupier support in particular, a number of councils who had committed resource to supporting downsizing residents would assign the more patient and personable officers to these roles, with an expectation. Normally these teams were comprised of a couple to a handful of officers though, and their management conscious that they were addressing only a small fraction of overall under-occupation in their area.

Housing management software: Our review also covered the software platforms councils and housing associations used for allocating homes to housing applicants. Of the 4 platforms we examined, all were found to be functional to delivering the objectives of an allocations scheme, though some councils were frustrated at the high costs billed to them for making minor alterations. We also found an uneven spread of access to those platforms across the organisation, with data protection clearance for on-the-ground housing officers rarely sought or granted. Few housing management software platforms tended to integrate households' occupancy data with stock condition data, and none provided household occupancy data alongside lettings and bidding data. No housing management software lettings platform provided information to allocations officers on households *outside* the housing register, and none provided a network module to help either officers at the back-end or home-seekers at the front-end to simulate and coordinate chains. Only one mutual exchange platform provided comprehensive tracker information with information on refurbishments, and reminders on administrative tasks to be undertaken to be complete the mutual exchange process.

Introducing a Coordinated Chain approach

A Coordinated Chain approach differs from the current practice of an internal applicant's home only becoming 'visible' to the lettings system once they've moved. It introduces a mechanism whereby the size and type of home that would be vacated by an applicant already in social housing becomes a material factor in the allocations process, and the basis for constructing and coordinating a greater volume of moves based on a holistic and networked view of applicants' choices and preferences.

While the Coordinated Chain approach would be enabled by changes to allocations policies, housing officer software platforms and targeted investments in downsizer support and void turnaround (detailed below), the focus here is on the protocol as it would be applied in a non-discriminatory (that is, needs-blind and characteristic-blind) context.

Chain maximising protocol

The following represents the outline of an allocations protocol designed to strike a balance, tailored to local context and priorities, that maximises chain length while reserving space in a coordinated chain for a chain-terminating priority need (e.g. a homeless household in the PRS).

Outline of a chain maximising protocol

1. Bringing up data within a given bidding pool, showing over- and under-occupiers (either solely those on the housing register, or also including those not on register).
2. Isolating target chain-terminating groups (e.g. homeless households, sub-households, decants from block due for demolition or invasive refurbishment, new to social housing from PRS) for reserving a given proportion of chain-terminating homes, and larger bed sizes (for shorter chains), before deciding on desired protocol.
3. Chain-maximising protocol applying a reserved bidding period for high chain-scoring households (based on home being vacated) within a choice-based framework, or to coordinators constructing chains through a succession of mutual exchanges:
 - *CP* (chain-maximising minus a pre-identified priority group, e.g. particular medical or welfare needs that are not bed-stepping, given normal priority *before* a chain-stepping restriction is applied. Suitable for smaller bidding pools.
 - *PC* (pure chain-maximising, where bed-stepping household, e.g. 3-bed-vacating for 4 bed, is given priority or time-limited restricted bidding.
 - *PC+* (pure chain-maximising, plus enhanced incentives for any downsizing household throughout the chain).

Note that additional variables can be designed in: LA-wide or neighborhood bidding pool; equal status of available homes (new vs decent existing); auction approach; maximum allocation approach.

- Create a non-binding category of chain-participating housing applicant, where the tenant signs a Memorandum of Understanding for their home to become available for pre-viewing and – once a chain is constructed – moving.
- Using a digitised voids and lettings process to allow for simultaneous viewing of properties, including (with appropriate safeguards) of homes while they're occupied, to facilitate chain coordinating and maximising.
- Housing officers and lettings officers' roles need to be redefined and in some instances merged. Many of our interviewees suggested that housing officers were often managing very large patch sizes, were often under-paid, and had limited 'headspace' for facilitating mutual exchanges, let alone multiple chain-forming exchanges. Those who did however benefited from a manageable workload, and a culture that prioritised trust, openness, an ethic of care and a sense of reward in helping people transition in the life course through moving to a more suitable home.

Downsizer and upsizer priority and support

The Coordinated Chain approach would be enabled by an explicit provision in a housing authority's allocations scheme for chain lettings and chain-maximising protocols that reserve lettings for whichever chain-terminating needs are a local priority. It would also require an enhanced package of personal support and greater level of financial incentive for identifying a critical mass of under-occupiers drawn to potentially downsizing.

In allocations policy this would see the following features:

- Enhanced priority for under-occupiers, with the larger number of rooms released given highest priority. Only immediate emergency welfare or medical cases to have priority above these.
- Restrictions on under-occupiers' bidding only for their assessed bedroom need to be relaxed, i.e. allowing for a spare room for family member or carer.
- A chain-coordinator (either housing officer and/or lettings officer) empowered to ring-fence for a time-limited period attractive properties that meet the needs and preferences of under-occupying households whose vacated home carries the greatest chain potential.

- Explicit provision for a chain lettings system, where under-occupiers alongside *target* priority chain-terminated applicants are reserved spaces in a simulated chain (e.g. for a certain number of chains to terminate with a placement for a homeless household).

Downsizer support and incentive

The councils who have provided data on overall numbers of under-occupying households have shown that barely 5% are actively seeking to downsize, suggesting that boroughs should look to:

- Survey and workshop under-occupying households on what non-punitive factors would have an influence, including amenities, design features, location, anticipating future support and care needs, practical support in moving.
- Gauge what level of financial incentive would be necessary to interest right-sizing in a much broader swathe of under-occupied homes with chain potential.
- Establishing specialist teams armed with a broad package of incentives and support, discretion to pull a wide range of agencies to support residents in down-sizing, and powers to ringfence the most attractive and suitable properties where the potential occupant could unlock a longer chain.
- While most allocation schemes give high priority to under-occupiers, a chain perspective still sees urgent priority need applicants take precedence. A Coordinated Chain approach would allow a lettings officer to simulate potential chains based on people's choices, by assessing the mix of under- and over-occupied homes within a given locality or bidding pool and identifying the home that best fits with a range of needs and preferences, including and especially those with particular medical or welfare needs.

Void turnaround and reletting

Void performance and turnaround has deteriorated during the pandemic with the overall repairs backlog experienced by many social landlords affecting the minor and major refurbishments needed to relet properties.

Councils also include several steps in the system between a tenant notifying the landlord of their desire to move, so creating a *traffic jam system* where one set of checks, refurbishments, viewings, offers and lettings follows another. A key component of successful chain lettings is reasonable time intervals between the homes becoming vacated and then occupied. For the intervals between lets to be short enough to allow chain-maximising to secure buy-in of all participants, councils should consider the following measures:

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

Data collection

In spite of the scope for less abstracted and more accurate evaluation of local housing markets, studies of housing mobility have been held by a lack of access to consistent, good quality data assessing vacancy chains.⁵⁵ For DLUHC, GLA and London boroughs to best collaborate on evaluating rehousing impacts from social housebuilding programmes a number of new data collection requirements at all levels will assist in making better informed decisions around the optimal mix of housing types and bed sizes in new developments, and the allocations strategies that follow their completion.

- DLUHC and GLA to introduce new data fields for evaluation as a funding requirement, applied retrospectively, on:
 - Bedroom size and housing type in affordable homes programme starts and completions.
 - Chain trackers collected 12-18 months following completion and handover, to better understand the rehousing impact from new social housing supply.
- Alterations to the Continuous Record of Sales and Lettings, to:
 - Add 'size of home vacated' field; and
 - Mutual exchange option in CORE.
- From the 2021 Census, for ONS to release relatively untreated data in a given locality on:
 - Over- and under-occupation of homes by tenure in localities overseen by chain-maximising pilot councils.
 - To overlay household occupancy data with employment, health and other measures captured in the Census, as well as income from the Annual Survey of Hours and Earnings (ASHE) and proprietary datasets.

Impact-oriented grant and protocol funding

The current approach to measuring impact from new build spend is currently through the lens of units outputted, rather than households rehoused. The opportunity presents here to reconfigure the metrics reported to financial controllers at the grant funding institutions, as well as in councils and housing associations, in how they sanction spend on delivering new social housing.

DLUHC and GLA (as parent funder) should each align their funding criteria and evaluation methods by:

- Systematically track chains realised from new build social housing (as a funding and data collection requirement), at the next round of affordable homes funding.
- Incentivising grant-recipient social house builders to base their bedroom mix and housing types around occupancy and needs data.
- Setting grant tariffs according to habitable rooms rather than 'units'.
- Offering enhanced grant incentive (based on returning chain tracking data) for maximising rehousing impact *and* chain terminating needs (e.g. new from PRS, sub-households, or homeless) being met, following the completion of the chain.

Finance directors at councils should consider:

- Incorporating an element of Social Value Act framing in reporting the return on new build spend and spend on downsizer support and incentive within the same frame of reference, i.e. the return being *households rehoused* along a chain realised
 - (e.g. a £20,000 sum for an individual vacating a 4-bed home, thus creating chain potential for 4 households rehoused if followed by one-bed up-sizing or more if including downsizing versus £1.2m + for x4 new build social homes).
- Apply broader holistic framing of Return on Investment across both Housing Revenue and General Fund accounts, including:
 - savings on temporary accommodation costs (derived from requiring in a Coordinated Chain a placement from temporary accommodation at the chain terminus).
 - savings on Social Services costs by joint general fund/housing revenue account funding frames, for specialist and supported homes, homes built, habitable rooms built, households rehoused.

Conclusion

Our review of the impacts of allocations schemes and lettings practices has on the whole found a relatively passive approach to chain construction in social and affordable housing. This suggests that, despite all the pressures on local government, there are high opportunity costs in meeting housing need from new social housing supply and from existing lettings.

The salient features of London's long-running housing crisis – growing housing need and falling supply of lettings – is well documented. The GLA and the boroughs are responding by increasing the supply of social and 'genuinely' affordable homes and by buying and refurbishing existing stock. However, the question of 'churn' and maximising vacancy chains to house more people has been largely ignored, or typically parked to one side as a "housing management issue". This is in part understandable given other pressing priorities, not least building and fire safety, decarbonisation and dealing with repair backlogs. But, as this report shows, it is a missed opportunity and careful re-calibration of vacancy chains and lettings and associated policies could – given London's new build programme – make a difference in many areas.

The infrastructures in place for lettings of new homes – from repairs teams refurbishing void homes to a lettable standard, to housing and lettings officers empowered only to address one available home at one household at a time, to inflexible housing management software packages – have all contributed to the relative inefficiency of the social housing lettings process. This is something that could be changed at minimum cost and inconvenience.

This study has found that while the increasing numbers of new social rent homes coming into circulation in London by the GLA and boroughs is to be applauded, the rehousing impact from these homes appears to be often less than half its potential than if chain-maximising approaches were adopted that promoted chain-extending approaches to letting while reserving spaces for local target needs.

However, chain-maximising approaches to letting homes do represent a challenge to the status quo and proponents will face practical obstacles, not least enhancing support and incentives for downsizers, and restraining up-sizing by prioritising one-bed upsizing. These approaches inevitably come up against real-world considerations in a choice-based lettings environment – e.g. an elderly resident's long attachment to their family home, or a severely overcrowded family deciding to hold out for a home at the larger end of their bidding range.

In some instances the focus on letting available homes to homeless households, while laudable in itself, has the unintended consequence of creating no chain potential, and fewer opportunities to meet other pressing housing needs (including overcrowding and prevention of homelessness) than would be the case if allocation policies were finessed to enable longer chains that *end* with a homeless or sub-household placement (i.e. those that don't release a vacancy to relet). This inevitably creates tensions for councils facing increased homelessness and a shrinking supply of suitable and affordable temporary accommodation. But as this report demonstrates, chains can be coordinated and both homeless and other residents in housing need can be better assisted in ways that ensures some of the zero-sum choices councils make in a situation of scarcity can be overcome.

There are steps that councils can take to improve their systems and achieve better outcomes for all residents, including the homeless and hidden homeless and concealed households. As this report has sought to demonstrate, there are a number of changes to allocations policies, lettings practices, void turnaround and funding practices that can create a meaningful difference in London boroughs tackling their growing housing needs.

Endnotes

1. DLUHC CORE data (Continuous Record of Sales and Lettings)
2. In the period April-June 2022 some 1,446 people in London were sleeping rough for the first time (GLA data). Households in temporary accommodation has increased from 35,620 in 2011 to 56,460 end March 2022, including 75,850 children (DLUHC data). London borough waiting lists have increased from 227, 549 households in 2016 to 295,593 in 2021. Average waiting times in some inner London boroughs have meanwhile lengthened to over ten years – the waiting time in Hackney in 2020 for a 2 bed was 19 years (Hackney Council, 2021)
3. "Reasonable preference" refers to expectation that a council's allocations scheme give 'reasonable preference' to certain types of housing need when qualifying a household to join their housing register and when nominating an available social home – namely, for housing applicants experiencing a medical and welfare emergency, homeless households, households living in insanitary or overcrowded housing conditions, and those with a local connection. This phrase features in Part 6 of the 1996 Housing Act. They have since been supplement by additional groups including looked-after children, people fleeing domestic violence, and refugees.
4. Bramley, G. (2021) 'Housing Supply Requirements', Crisis https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf
5. The London Plan 2021, GLA, p.173 https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf
6. In 2019/20 some 32.4% of housing association-owned supported housing homes in London were let, compared with 3.4% of the overall stock of general needs homes
7. Gleeson, J. (November 2021) 'Who moves into social housing in London?', GLA <https://data.london.gov.uk/download/housing-research-notes/6eb88e18-ae77-41b5-904d-730f5752354b/Housing%20Research%20Note%207%20-%20Who%20moves%20into%20social%20housing%20in%20London.pdf>
8. Wilson, W Allocating social housing (England) (House of Commons Library, 2022)
9. Morphet and Clifford (2021) Local authority housebuilding Morphet_and_Clifford_2021_-_local_authority_direct_delivery_of_housing_iii_report43.pdf (ucl.ac.uk)
10. GLA data
11. GLA Affordable Housing Programme Outturn
12. The Plan's target is 50% affordable housing and 32,500 new affordable homes each year between 2022 and 2032 (22,750 social rent homes, 6,500 shared ownership home and 3,250 intermediate rent homes)
13. We define social housing here as referring to homes that are subject to an allocations scheme, with nomination rights held by a council or a housing association, and not those forms of affordable housing that are routes to home ownership such as London Living Rent or Shared Ownership
14. Sharpe, C.A. (1978) "New Construction and Housing Turnover: Vacancy Chains in Toronto" Canadian Geographer, Vol. 22 Issue 2, pp.130-144
15. Magnusson Turner's studies (2008) focused on the effects of market-led housing in Stockholm: using Markov chain models and longitudinal datasets demonstrated where chains indirectly generated rehousing opportunities for households on lower incomes and earlier in the life course. More recent studies include Bratu et al (2021) 'City-wide Effects of New Housing Supply: Evidence from Moving Chains' (VATT Institute for Economic Research Working Papers) and Phillips, Manville and Lens (2021) 'The Effect of Market Rate on Neighbourhood Rents', UCLA Lewis Centre for Regional Studies
16. Ferrari, E (2011) Conceptualising Social Housing within the Wider Housing Market: A Vacancy Chain Model, January 2011 Housing Studies 26(1):95-116
17. Planning and Spatial Development Committee, 'Size Matters: The need for more family homes in London' June 2006, London Assembly https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/archives/assembly-reports-plansd-affordable-housing.pdf
18. A total of 14,993 lets out of combined waiting list of over 250,000 - MHCLG Statistical release: Social Housing Lettings: April 2019 to March 2020, England
19. Affordable Rent is up to 80% of market rent and London Living Rent is based on a third of average local household incomes and adjusted for the number of bedrooms
20. Social Housing magazine, 'Special report: affordable rent lettings see biggest yearly decrease so far' (July 2022)
21. DLUHC, Social housing lettings in England, April 2019 to March 2020. CORE summary tables: 2019 to 2020
22. Annie Field, Campbell Tickell and Susannah Hume and Rebecca Benson (2021), 'The demand for social housing before and during Covid'
23. For example, Hammersmith and Fulham state that the estimated waiting time for a band 3 studio or 1 bed property will be 11

- to 16 months. For a three bed it rises to 50 to 67 months. <https://www.lbhf.gov.uk/housing/housing-register/housing-register-waiting-times>
24. GLA, 'Housing in London 2021', Trend in non-decent homes in London as a share of the total by tenure, 2006 to 2019; MHCLG, English Housing Survey and English House Condition Survey
 25. London Assembly, Planning and Housing Committee 'Crowded houses: Overcrowding in London's social rented housing' (GLA, 2011)
 26. Right to Buy sales increased on the back on more generous discounts in 2012 but have since fallen back sharply to around 1,500 pa: see DLUHC, 'Social housing sales and demolitions: Right to Buy sales 2020-21
 27. Such as new building control and fire safety requirements, new energy efficiency requirements and net zero commitments, district heating systems reaching the end of their lifecycle, investing in new supply
 28. Annie Field, Campbell Tickell and Susannah Hume and Rebecca Benson (2021), 'The demand for social housing before and during Covid-1p'
 29. Namely those occupying overcrowded or insanitary housing conditions, people in temporary or insecure housing, families with dependent children or expecting children, those with medical and welfare emergencies, and people whose economic and social circumstances make it difficult to find settled housing
 30. In these, a forecast is given for the year ahead of different types of needs being met, alongside equalities data bed size and housing types, and then set against a lettings out-turn from the previous year. Lewisham Annual Lettings Plan (2020/21) <https://councilmeetings.lewisham.gov.uk/documents/s72621/05%20Annual%20Lettings%20Plan%20202021%20-%20120320.pdf> and Haringey Annual Lettings Plans <https://www.haringey.gov.uk/housing/housing-strategies-policies-and-plans/annual-lettings-plan>
 31. The scheme is being refocused and will only be available to victims/survivors of domestic abuse and former rough sleepers rather than social tenants more widely
 32. DLUHC, Allocation of accommodation: guidance for local housing authorities in England, January 2022, paras 4.22-4.23
 33. DCLG, Providing social housing for local people, December 2013, para 20
 34. Field, Campbell Tickell, Hume and Benson (2021) 'The demand for social housing before and during Covid-19: a unique analysis of 26,000 properties advertised through Home Connections Choice Based Letting advertising systems', Policy Institute at Kings College London
 35. Overcrowding rates have increased to 14.5% of households in London end 2020, compared with 8.2% in 2016 (DLUHC). Overcrowding is much higher for social renters and more common in ethnic minority households (English Housing Survey)
 36. DWP data suggest the 'bedroom tax' affects around 500,000 households, most social housing tenants
 37. See Journal of Public Health Access, 'A qualitative study of the impact of the UK 'bedroom tax' (2015) and recent studies by the Institute for Fiscal Studies
 38. In the case study scheme in Bermondsey, for example, nearly all homes were subject to reserved local lettings because of overwhelming levels of local need, as well as the significant chain potential that could be realised from the larger 4- bed homes that were included in the scheme
 39. CIH 'Rethinking allocations' (2019)
 40. Peabody's relatively low churn levels of around 3% in 2020/21 and 2021/22 were only maintained at that rate because of significant levels of new social housing and new build lettings (880 and 700 in the years 2020/21 and 2021/22 respectively)
 41. We have anonymised most of the chains data collected for data protection purposes
 42. These simulated lettings are confined to the need and bed-vacancies identified in the local lettings area of surrounding streets and blocks for the first two rounds. Round three and beyond incorporating needs and bidding from the wider register. Where lettings are made within a choice-based framework, the priority period of bidding is reserved to under-occupiers and any internal transfer with households bidding from homes with desirable downsizer features, and one-bed upsizers given highest priority.
 43. How housing associations are using voids during the coronavirus crisis' (May 2020), National Housing Federation (<https://www.housing.org.uk/globalassets/files/resource-files/briefing-managing-voids-during-the-coronavirus-crisis-may-2020.pdf>)
 44. Summaries of many such discrimination cases against councils' allocation schemes and decisions can be found here <https://nearlylegal.co.uk/category/housing-law-all/allocation/>
 45. R (C) v Islington LBC (2017) EWHC 1288 (Admin), [2017] HLR 32
 46. It is apparent that prior to the local lettings policy being devised and implemented, the defendant carried out an assessment of its discriminatory effect and continues to carry out such monitoring. Moreover, that in the context of the 2015 scheme as a whole, the effect of the local lettings policy, as was intended, has a beneficial effect upon the provision of social housing within the borough, in that it facilitates the securing of reasonable preferences to those, including the claimant, who are entitled to it

under section 166A (3) of the 1996 Act

47. Allocation of accommodation: guidance for local housing authorities in England (publishing.service.gov.uk)
48. For details showing examples of new approaches to allocation, see CIH (June 2014) New approaches to allocations (cih.org)
49. R (on application of Ahmad) v. Newham LBC 17, section 166A (3) 18
50. Policy H10 of the 2021 London Plan encouraged boroughs to provide guidance on the size of low-cost rent homes required, taking account of 'evidence of local needs, including the local housing register and the numbers and types of overcrowded and under-occupying households'. This policy sought to relax the rigid adherence to SHMA findings, by asking boroughs to take a range of evidence into account.
51. 2016-21 Affordable Homes Programme Funding Guidance <https://www.london.gov.uk/sites/default/files/homesforlondoners-affordablehomesprogrammefundingguidance.pdf>
52. Bramley, G. 2019, Housing supply requirements across Great Britain for low-income households and homeless people: Research for Crisis and the National Housing Federation; Main Technical Report. Heriot Watt University <https://doi.org/10.17861/bramley.2019.04>
53. Morphet/Clifford, UCL, 'Local authority direct provision of housing: third report' (2021)
54. Figures compiled by GLA from: DOE/DETR statistics 1961 to 1990; MHCLG live table 254 1991/92 to 2011/12; GLA London Development Database and Planning London Datahub 2004/05 to 2019/20; The figures in this chart are based on gross completions and take no account of losses due to demolition or replacement
55. Ferrari, E (2011) Conceptualising Social Housing within the Wider Housing Market: A Vacancy Chain Model, January 2011 *Housing Studies* 26(1):95-116

