



Tenant Participation Advisory Service



Office of the
Deputy Prime Minister

Creating sustainable communities

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Choice based lettings



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Introduction

Choice based lettings (CBL) is a new approach to allocating properties, that is broadly based on a model developed in Delft in Holland in the late 1980s. In 2000 the Housing Green Paper 'Quality and Choice: a decent home for all' supported the principle of greater choice for consumers in lettings and highlighted three objectives on allocations: -

- To empower people to make decisions over where they live and exercise choice
- To help create sustainable communities
- To encourage the effective use of the nation's housing stock.

The Housing Green Paper suggested 'choice' to mean: -

- Available to new or existing tenants
- Free (i.e. tenants not penalised for refusing offers)
- Should include moves across local authority boundaries
- Access to information on housing options available and how likely the options will meet the customer's preferences
- Should also work for homeless households - although may be more limited.

Choice based systems, therefore, allow social housing tenants to exercise some choice over their future homes. Customers move from being 'point hunters' to 'home hunters' by responding to adverts that list available properties. Because the landlord provides the customer with up-to-date information on the stock, demand for different types of property, indications of likely waiting times, details of rent and services and physical characteristics of properties, the applicant can make a much more informed choice when applying for properties.

Following on from the Housing Green Paper, the Government funded 27 local-authority led pilot schemes to test different choice based approaches to lettings and to also develop

good practice that could be used elsewhere. The pilot evaluations report published May 2004 found that CBL:

- Provided more open and simple systems that are seen to offer customers choice.
- Was widely welcomed by users and local authorities.
- Generated renewed interest in social housing and opened it up to groups traditionally underrepresented, e.g. working households and BME communities.
- Can be successfully implemented in both low and high demand areas. Low demand areas were able to let 'unpopular' properties; high demand areas reported improved customer relations as a result of CBL.
- Can lead to improvements in housing management performance - with relet times reducing substantially in some areas.
- Provides detailed management information - which can be used to direct decisions for re-designation, re-investment and new developments.
- Does not appear to disadvantage the vulnerable who continue to access a significant proportion of vacant properties, often the most popular properties.
- Can create a better working relationship between housing providers in the area through partnership working.

The government has set targets for the introduction of CBL. It expects 25% of local authorities to have adopted a CBL system by 2005 and 100% by 2010. ('ODPM, 'How to choose choice', 2002).

Existing allocations approaches

In traditional allocations approaches, applicants can in theory, express some preferences as to where they want to live and the type of property they want to live in. However, allocations staff actively taking on board these preferences does not always

work in practice. The choices can become very restricted: -

- Choice of area is very wide. (Apart from very specific local lettings schemes for specific areas, applicants are normally unable to pinpoint exact localities.)
- Property type has limitations in relation to household size, stock, high or low demand etc.
- The number of offers an applicant receives is usually limited.
- There is little evidence of landlords encouraging transfer or promoting mutual exchanges.
- Information and advice to applicants is ad hoc and lowest in areas of high demand.

The system is also very bureaucratic and time consuming. Officers have to second guess, through written records, whether a vacancy meets the needs and preferences of an applicant, and, if they guess wrong, void times increase and there is a loss of income to the landlord. Also, many staff are unhappy at having to make what the applicant could consider to be 'paternalistic assumptions by professionals'.

Basic principles of choice based lettings

Although CBL schemes vary in relation to detailed processes and procedures, it is suggested they should all adhere to the key principles listed below: -

Placing the initiative with the customer.

The initiative to apply for a particular property is taken by the customer, rather than the housing officer. Home seekers receive information giving details of the properties available and who can apply. Information on the popularity of particular types and locations of property is provided, which gives the customer a better idea of their chances of making a successful application.

Offering property and neighbourhood information.

As well as providing basic information on available properties, this covers in more detail property features such as central heating, location, schools,

gardens etc., and offers real choice, as in the owner-occupied sector. It helps customers make a more informed response to advertisements; responses that are more likely to suit their needs and preferences.

Supporting vulnerable groups. Mechanisms such as priority cards, targeted advice and support or a banding system based on levels of need can be used to protect vulnerable people and improve their housing opportunities, as well as ensuring that people in the most urgent need can be helped.

Operating a transparent selection criteria.

Transparent criteria is used to assess needs and award priority between home seekers (for example separating applicants into broad bands of need and waiting time).

High quality communications. The quality of communication between landlords and home seekers is central to the system and a wide range of advertising methods can be used; for example regular mailouts, telephone and personal responses to customers, use of information communication technology and websites and the establishment of property shops (similar to estate agents). The provision of the right type of information, both in relation to information about properties and information on selection criteria is crucial to the successful operation of this type of system.

How to involve tenants in choice based lettings schemes

As housing organisations need to develop systems reflecting local circumstances it is essential they consult with their existing tenants and other relevant stakeholders (e.g. people on the rehousing list). Landlords have statutory requirements to consult on proposed changes to the allocations system, (under Section 105 Housing Act 1985, for existing tenants and under Part VI Housing Act 1996 for rehousing applicants), so they need to have sufficient resources in place for consultation and information dissemination.

Consultation can be through existing tenant participation structures, special meetings and focus groups, the provision of information to all households or a mixture of all these. In practice, most tenants have embraced a change to choice based allocations and provided useful feedback to staff on policies and procedures.

The pilot schemes* ('Piloting choice-based lettings: an evaluation, ODPM, May 2004) found a rolling programme of consultation lasting up to three months with a wide range of interrelated activities, was a useful approach. This included: -

- Working with tenants' organisations, tenants' forums etc.
- Working with voluntary sector agencies, specific need groups etc.
- Working with council members. Some of the pilot programmes set up member working groups that were useful in working through the principles and details of the CBL scheme.
- Regular mailouts (possibly in the form of newsletters), to all applicants on the housing register, about the policies, processes and procedures as well as the launch date and any transitional arrangements.
- Use of local media to publicise and explain the new scheme, through articles in newspapers and radio and television coverage.
- Roadshows and help/advice sessions at a range of locations.
- Videos on the operation of the scheme.
- Making use of related initiatives, such as the updating of household information on the housing register, to help publicise the scheme.
- Promoting and publicising the scheme through other mechanisms such as council newspapers and reports to tenants.
- Involving public, private and voluntary sector organisations (especially those working with vulnerable households) by providing information packs, articles for newsletters and magazines and joint help and advice sessions.

Other stakeholders that need to be consulted are the staff working within the housing department, such as allocations and lettings staff, staff working in the homelessness, housing advice and strategy sections, and staff working in other departments who may be affected (e.g. personnel, Information technology and social services).

The issues that need to be emphasised to tenants and prospective users of the service should include: -

- Managerial efficiency versus existing bureaucratic systems
- Can help tackle low demand
- Helps to build sustainable communities
- Can be of more help to vulnerable and excluded groups than existing systems
- Can improve information, policymaking and investment decisions. (Through the monitoring and evaluation of choice based systems, showing where properties are extremely hard to let and enabling policy and investment decisions, such as whether to demolish, to be built into future business plans).

Issues around choice based lettings

Choice based lettings do not, however, answer all problems. There are issues around this type of service that are still being debated.

Vulnerable applicants

Vulnerable applicants may include the homeless, people with mental health problems, learning difficulties, disabilities etc. If a landlord is providing information and marketing material for applicants to make their own choices, this must be tailored to meet the needs of applicants who may not be able to understand the system, read the material, follow procedures etc. Landlords, therefore, have to make sure their promotional material covers all applicants' needs and they must offer specific help and advice to individual applicants. Many landlords use the services of voluntary and community groups to help out and offer one to one assistance at their property shops etc.

What about people with disabilities? Does a landlord automatically supply adaptations if the applicant wants a non-adapted property? In reality, most landlords operate a needs based system in parallel with choice based systems for some vulnerable applicants. In Harborough, adapted properties are advertised separately, with separate 'needs based' criteria.

Housing authorities are required to prioritise social housing to those in the greatest housing need. CBL systems do this in different ways. Some have retained their points-based systems but others use more simplified systems. For example, some use banding systems, with those in the top band having the greatest housing need and having priority for advertised vacancies. Others give time limited 'priority cards' for those in the greatest housing needs. Priority cards are often used to give homeless households access to CBL systems for a time limited period. Other authorities have retained a needs-based system in parallel with a choice based system. Most schemes do not give homeless applicants unlimited choices.

Black and minority ethnic applicants

Landlords need to be sensitive to the information needs of black and minority ethnic (BME) applicants. If an area lacks facilities for BME applicants (for example a mosque or specialist food stores), it is important they are informed of this. It is important to involve BME organisations as partners in the development and implementation of CBL systems.

Some housing professionals believe that CBL will increase 'separatism' of black and minority ethnic people, as more and more applicants will choose to wait to move to specific areas which will then become 'mini ghettos'. Many housing professionals refute this view and there are examples where CBL have worked really well in areas housing high numbers of BME tenants (e.g. Bradford). Again, the marketing of information is very important for applicants whose first language is not English.

Monitoring is important. For example, if BME applicants do not respond to adverts for a particular estate, this could be because of a fear of harassment. Tackling the behaviour of the existing community and providing appropriate support for BME applicants may be necessary to encourage them to move into certain areas. This type of problem may only have been highlighted through close monitoring. Specific consultation with BME groups is therefore essential, by, for example, focus groups, mystery shopping, telephone surveys to applicants who have been on the register for a while, etc.

High and low demand

The ODPM pilots demonstrated that CBL can be successfully implemented in both low and high demand areas. In low demand areas, most tenants will be able to 'choose' a property quite quickly - and even properties previously considered unpopular generally find someone who is prepared to bid for them. In high demand areas, pilot authorities reported improved customer relations as a result of CBL. However, in high demand areas, landlords and tenants need to be realistic about what 'choice' means. Landlords need to be straight with applicants about their chances of getting housed - or there is a risk of applicants becoming disillusioned with the system.

Conclusion

The introduction of CBL systems can empower people, in the sense that tenants and prospective tenants are given access to decision making processes and are able to exercise 'choice'. The provision of consistently high quality information about properties, neighbourhoods and how the system operates in itself can increase satisfaction levels of tenants/prospective tenants with this particular service. However, CBL does not result in additional housing and neither will it relieve housing pressures in high demand areas, so it is important that tenants are always made aware of this. But it does provide information - at a very detailed level (street by street, estate by estate, property by property) which can be invaluable in directing decisions for re-designation, re-investment and new developments.

Choice based lettings in practice

Harborough Home Search (HHS)

This scheme replaced a points based allocation system. The council was committed to a more customer-oriented approach and involved tenants, housing staff, councillors and local organisations in the process. All 3,100 social housing properties in the Harborough DC area were included in the scheme involving four social landlords in partnership. CBL were based on the key principles listed earlier, including clear provision of information on available properties, eligibility and placing the initiative on the customer. 80% of HHS users who could compare it with the old points-based system said they preferred HHS.

Older people, people with mobility problems and vulnerable groups strongly supported greater customer choice. They understood more clearly the basis on which properties were let and how long they would have to wait for an offer. Customers liked the idea of choice, even though it was very constrained because of the high-demand rural housing market in Harborough. HHS has contributed to an improvement in the council's relet times and monitoring the choice-based lettings has assisted HHS landlords to plan and prioritise modernisation, adaptation or demolition of existing properties, the building of new properties and neighbourhood regeneration.

How it works

Home seekers have to show evidence of 'need' to be able to qualify for the housing register. Needs are divided into three categories - priority need, general need, and no need. This last category comprises households not eligible for the common housing register. The process is outlined below: -

- The local authority and social landlords worked together to establish a protocol and a common housing register where new applicants and transfer home seekers register for available properties.
- The housing organisations determine the criteria for empty properties, which are then advertised in local newspapers and other media.
- Home seekers react to the adverts by sending in reply coupons.
- The housing organisations check that eligibility criteria are met and that the coupon has been correctly completed.
- The applicant with the greatest priority according to the eligibility criteria is selected.
- The applicant is offered the property and the successful applicant's eligibility is rechecked, the applicant is interviewed and an accompanied viewing takes place.
- Details of the number of applicants per dwelling and confirmation that the successful applicant meets the criteria are published.

The heart of the HHS scheme lies in the mailing out of property details to all existing and prospective tenants who have registered with them. Home seekers are able to make up to two choices of property from each two-week advertisement cycle.

By the end of the first year of operating HHS, home seekers still preferred to wait for their ideal home rather than modifying their search criteria and opting for a second-best choice. The implications of this were that the majority of home seekers in Harborough were clear about where they wanted to live and knowledgeable about the relevant properties.

Continuous monitoring, evaluation and feedback from focus groups, surveys and one-to-one dialogue suggested additional information was useful (such as room sizes, internal layout, garden details) and also resulted in specific new initiatives being rolled out, including:

- A one-stop property shop offering face-to-face contact and advice for home seekers
- A website (www.harborough-home-search.com) which provides enhanced information on advertised properties and information on other housing options
- Advertising shared ownership, low-cost ownership and other tenure through HHS
- Encouraging more of the 90 voluntary agencies in the area to become active participants of HHS.

Putting the system in context, there are still problems. The major issue facing the local area is the lack of social housing of the right type in a suitable location for customers. For example, there are only 23 four-bedroomed properties in the district. Large households, therefore, have little if any choice. These types of problems cannot be addressed by the implementation of a choice-based lettings system.

Useful reading

Allocate of let? Your choice: lessons from Harborough Home Search, Tim Brown et al, 2002, ISBN 1 90308 297 £13-95. Available from Chartered Institute of Housing (CIH) Octavia House, Westwood Way, Coventry, CV4 8JP Tel: 024 7685 1700 www.cih.org

Applicants' perspectives on Choice-Based Lettings, May 2004, Office of the Deputy Prime Minister (ODPM) Eland House, Bressenden Place, London, SW1E 5DU Tel: 020 7944 4400, or download from http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_028873.hcsp

Summary available from ODPM, 2/C6 Eland House, Bressenden Place, London SW1E 5DU Fax: 020 7944 4527 e-mail:h.r.summaries@odpm.gov.uk or download from http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_027508.hcsp

'How to Choose Choice' Lessons from the first year of the ODPM's CBLs pilot schemes: a guide for social landlords.

October 2002, ODPM Publications, PO Box 236, Wetherby, West Yorkshire, LS23 7NB tel: 0870 1226 236, fax: 0870 1226 237 e-mail odpm@twoten.press.net

Piloting choice-based lettings: an evaluation, May 2004, ISBN 1 85112 709 7, available from ODPM Publications, PO Box 236, Wetherby, LS23 7NB Tel: 0870 1226 236 Fax: 0870 1226 237 e-mail:odpm@twoten.press.net (Ref no. 04/PD02118) or available to download from http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_028882.hcsp

Summary (Number 208, 2004), available from ODPM, 2/C6 Eland House, Bressenden Place, London SW1E 5DU Fax: 020 7944 4527 e-mail: h.r.summaries@odpm.gov.uk or download from http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_027510.hcsp

Social engineering or consumer choice? Rethinking housing allocations. Ian Cole et al, 2001, ISBN 1 903208 18 1 £13-95. Available from CIH (details as above)

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