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City Futures Research Centre

Ending Security of Tenure for Social Renters: Opening the Door to 'Ambulance Service' Social Housing?

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- In breaking the link between low income and poor living conditions social housing sometimes described as a *'saving grace ...of the British welfare state'* (Bradshaw *et al*, 2009)
- Within this, security of tenure *'considered an essential element of social housing since its introduction in 1980'* (*ibid*)
- Recent moves to end open-ended tenancies in New South Wales and Queensland (2006); England (2012); New Zealand (2012); Victoria (2013?)
- Tenure in social housing to be limited 'to the duration of need'
- Research questions – as applied to England and Australia (NSW)
 - a) What are the key reform drivers, and how credible are stated reform justifications?
 - b) To what extent will reforms in practice limit security of tenure for social renters?
 - c) Will the reforms decisively transform the role of social housing by:
 - removing the private/social distinction?
 - downgrading social housing to an 'ambulance service' sector?

- The roles of social housing in England and Australia
- Conceptualising social housing roles
- Conceptualising security of tenure
- Justifications for removing security of tenure
- Likely reform consequences
- Conclusions

The roles of social housing in England and Australia



	Households /dwellings		% of total social housing		Tenant eligibility	Rent setting
	(000s)	% of total stock	State	Not for profit		
Australia (2010)	406	5.0	84.7	15.3	Formally means-tested. Increasingly targeted	Market rents rebated to reflect tenant incomes
England (2010)	3,966	17.5	45.0	55.0	Highly needs-based but no formal means test	Cost-rent regime supported by Housing Benefit

Conceptualising social housing roles

- Progression from ‘public housing to welfare housing’ (Paris et al, 1985)
- Social housing modernisation – shift to a more residual function at arms length from the state, but alongside less bureaucratic and more customer-focused organisational culture (Malpass & Victory, 2010)
- Stephens typology (Stephens, 2009):
 - **Supply** function – redresses gross housing shortage
 - **Affordability** function – provides for relatively wide spectrum of low-moderate income earners
 - **Safety net** function – integral to welfare state. Needs-based test of eligibility
 - **Ambulance service** function – Very tightly drawn eligibility for access; tenants subject to ongoing eligibility testing

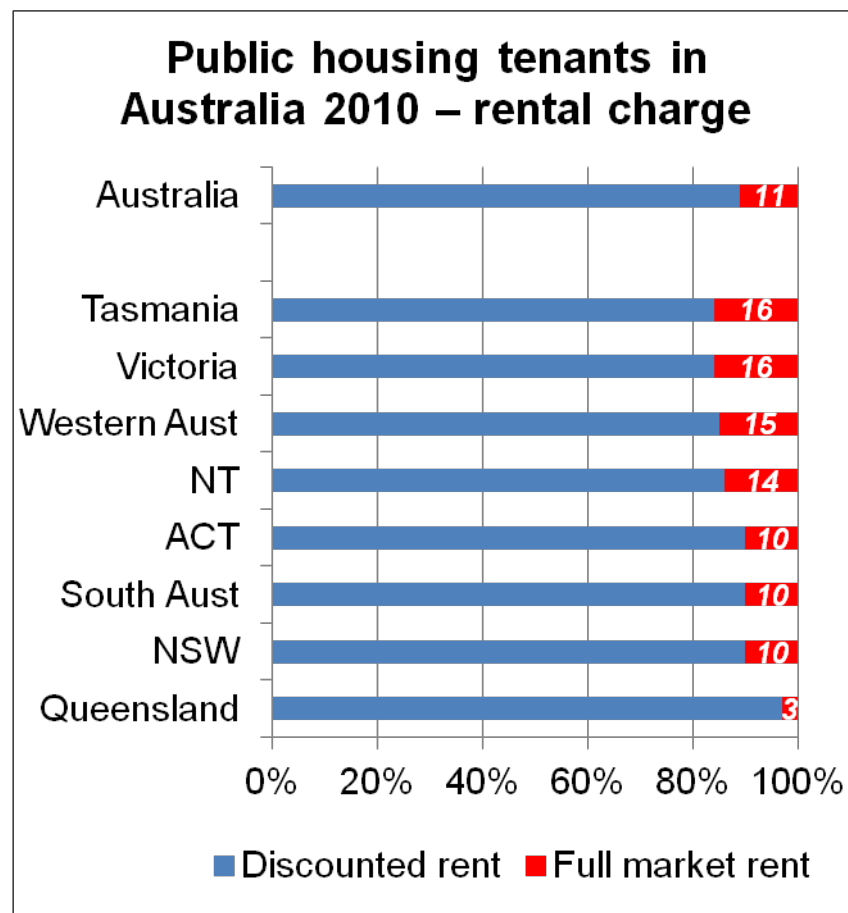
Conceptualising security of tenure - its role and significance

- Security of tenure simply defined as:
 - legal arrangements offering an indefinite right to occupy a dwelling, subject only to proven breaches of tenancy agreement which may lead to tenancy termination
- Legal attributes of occupancy conditions arguably ‘primary’ in providing basis for economic or psycho-social benefits (or dis-benefits)
- Recent contention that importance of tenure security overstated because most (private) tenancies are **de facto**:
 - not terminated by the landlord at the first opportunity
 - ended by the tenant not the landlord
- But the **de jure** position is fundamental in defining power relationships – *‘Power is a capacity not the exercise of that capacity (it may never be, and never need to be, exercised)’* – Lukes (2005)

- Advocates of the **welfare dependency** justification argue that security of tenure in social housing:
 - ‘Locks...people into properties’ thereby ‘perpetuating a vicious circle of dependency’ and undercutting personal responsibility (Greenhalgh & Moss, 2009)
 - Impedes social mobility
- The counter-argument is that matching tenancy terms to ‘the duration of need’ provides a disincentive to self-improvement
- The **equity justification** sees open-ended security of tenure as ‘inappropriate when those who benefit from it are considerably better off than people on social housing waiting lists’
 - In the UK 1 private tenant in 6 pays >50% of income in rent
 - In Australia half of **all** low income tenants pay >30% of income in rent
- Prioritising needy and vulnerable commands wide support and is more difficult to dismiss

The equity justification – problems and contradictions

- Highly residualised state of social housing means limited scope for equity gains by ejecting ‘better off’:
 - In Australia 9 in 10 public housing tenants on incomes less than 85% of all-tenure median
 - In England 83% of social tenants in lower half of income distribution
- If ‘fairness’ is the overwhelming concern, how is this reconciled with ‘localism’? (or the exemption of existing tenants)
- Active steps to limit tenancy duration incompatible with:
 - renewed push for sitting tenant purchase
 - commitment to ‘balanced and sustainable communities’



Removing security of tenure in England – likely consequences

- Full realisation of ‘ambulance service’ scenario requires that landlords adopt FTT regime and employ powers to eject better off tenants
- Initial wave of draft tenancy strategies suggests most LAs favour the regime – altho’ less so among the generally larger London/Met authorities
- But most enthusiasm for tackling under-occupation rather than evicting less disadvantaged
- Very sparse detail on income thresholds raises doubts that practical issues yet fully considered

LA type	Recommended tenancy review criteria (LAs in sample)				All LAs
	Under-occupation	Income/savings	No FTTs	Total	
London borough	7	5	3	10	33
Metropolitan authority	2	2	4	6	33
District/unitary authority	26	18	3	29	260
Total	35	25	10	45	326
%	78	56	22	100	

Reform implementation – the NSW experience

- In NSW strong indications that only a tiny proportion of FTT reviews have resulted in termination – possibly less than 1%
- Possible explanations:
 - a) Rationing rules on access to public housing may have effectively screened out all but those whose needs (and consequential poverty) are not only severe, but also fundamental and enduring
 - b) Tenancy review rules and/or procedures may not maximize the potential to eject those whose circumstances improve.
 - c) A system which effectively penalizes those entering employment may have had a disincentive impact
 - d) In a system in which rent is already scaled to income, a mechanism for incentivizing ‘upwardly mobile’ tenant exits is already in place

- Whatever its policy logic there is little incentive for social landlords to eject better off tenants
- Such use of FTT termination powers financially unattractive from landlord viewpoint because:
 - Higher tenancy turnover imposes costs
 - Accelerated residualisation will incur additional support/management costs
 - Under an income-related rent framework, rental income will be further reduced
- In England, aggressive use of FTT termination powers will contradict well-embedded components of social landlord organisational culture:
 - The consumerist aim of making social housing ‘a tenure of choice’
 - The rating of management performance according to ‘tenancy sustainment’
 - The ethos of tenant empowerment
- Ending security of tenure a key element of reforms signalling *‘the end of thirty years of efforts to induce consumer pressure in the English social housing sector’* (Bradley, 2011)

- The equity case for FTTs cannot be easily dismissed but it conflicts with other significant policy priorities
- FTT regimes in England and Australia likely to have only a modest impact in ejecting better-off tenants in the name of equity because:
 - access to social housing already highly rationed
 - Income-related rents in Australia already provide a powerful exit-incentive
 - operating the policy in a ‘maximalist’ way will be administratively costly and would contradict important ‘articles of faith’ for social landlords
- But *de jure* security of tenure matters, even if – *de facto* – few tenants are forced out of the sector against their will
- Beyond the sense of insecurity for tenants as individuals, the reforms damagingly compound the narrative which portrays social housing as ‘not for normal people’
- Removing the private/social renting distinction? – No, because 5-year tenancy norm
- Opening the door to ‘ambulance service’ social housing?
 - In England, yes, potentially although only in combination with other reforms
 - In Australia, arguably no because this is already well-established