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

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Introduction

• 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:
     o removing the private/social distinction?
     o downgrading social housing to an ‘ambulance service’ sector?
Presentation outline

• 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

<table>
<thead>
<tr>
<th></th>
<th>Households /dwellings</th>
<th>% of total social housing</th>
<th>Tenant eligibility</th>
<th>Rent setting</th>
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<tbody>
<tr>
<td></td>
<td>(000s)</td>
<td>% of total stock</td>
<td>State</td>
<td>Not for profit</td>
</tr>
<tr>
<td><strong>Australia (2010)</strong></td>
<td>406</td>
<td>5.0</td>
<td>84.7</td>
<td>15.3</td>
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<td></td>
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<tr>
<td><strong>England (2010)</strong></td>
<td>3,966</td>
<td>17.5</td>
<td>45.0</td>
<td>55.0</td>
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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
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’

Public housing tenants in Australia 2010 – rental charge

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<tr>
<th></th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
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<td>South Aust</td>
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<td>Queensland</td>
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[Diagram showing rental charge percentages for different states in Australia.]
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 – allo’ 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

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<th>LA type</th>
<th>Recommended tenancy review criteria (LAs in sample)</th>
<th>All LAs</th>
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<td></td>
<td>Under-occupation</td>
<td>Income/savings</td>
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<tr>
<td>London borough</td>
<td>7</td>
<td>5</td>
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<tr>
<td>Metropolitan authority</td>
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<td>2</td>
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<tr>
<td>District/unitary authority</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>25</td>
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<tr>
<td>%</td>
<td>78</td>
<td>56</td>
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</table>
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