



Counting Costs

The Economic and Social Impact of
Reduced Mobility in Social Housing

Kevin Gulliver

Foreword by Mark Rogers, Chief Executive of the Circle Anglia Group

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Kevin Gulliver is Research and Development Director of the Human City Institute.

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About the Human City Institute

The Human City Institute (HCI) is an independent and charitable 'thinktank' undertaking research into 'human city' issues. This involves identifying barriers to the creation of more successful settlements generally, but covering housing, health, the environment, community development, ethnicity and faith specifically, in relation to the nature, extent and spatial distribution of socio-economic exclusion, and how they are interwoven with policy development. HCI also seeks to map how community cohesion can be improved through localised service delivery and via social investment and enterprise approaches. In short, HCI investigates urban exclusion and promotes solutions to enhance the futures of the most disadvantaged groups in our complex and diverse cities.

About the Circle Anglia Group

Circle Anglia is one of the UK's leading providers of affordable housing. With a dedicated team of more than 2,200 staff, Circle Anglia manages over 60,000 homes, and provides care and support services for around 200,000 people across the UK. Circle Anglia's mission is to enhance the Life Chances of its residents by providing great homes and reliable services, and building sustainable communities.

Providing general needs, sheltered and supported housing, Circle Anglia also delivers a range of responsive care, support and maintenance services. The Group build new homes, including affordable homes for rent and shared ownership, together with market rent, private sale and commercial properties, which enables Circle Anglia to fund further affordable housing programmes. In 2009 Circle Anglia created 1,700 new homes, providing thousands of people with a new place to live.

On 1st October 2009 and 22nd March 2010 respectively, Circle Anglia welcomed Mercian Housing Association and Merton Priory Homes, which takes Circle Anglia's total number of partners to twelve, managing homes across London, Hertfordshire, Bedfordshire, Cambridgeshire, Norfolk, Suffolk, Kent, Surrey and Essex, and now the West Midlands.

Circle Anglia strives to create sustainable communities and run robust community development programmes in the areas in which it operates. Tackling unemployment and the financial inclusion of residents is a key focus, and Circle Anglia is committed to providing residents with access to work, training opportunities and financial support.

Helping residents with their changing house needs is equally a priority, and in 2004 Circle Anglia set up House Exchange, the UK's only not-for-profit national mutual exchange service. The House Exchange website allows social housing tenants from across the UK to sign-up either directly through House Exchange Direct, or through their landlords. Users can then search for home swaps with other tenants that suit their needs, and can even do three-way swaps. To date, it is estimated that 10,000 tenants have successfully completed moves by using the service.

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Foreword



Mark Rogers, Chief Executive of the Circle Anglia Group

Circle Anglia's mission is to enhance the Life Chances of our residents and the communities we work in and is at the core of our strategy, approach and activities. As one of the UK's largest housing associations, we strive to do this by providing great homes, quality services, and by helping to build sustainable communities in the places where we operate.

The social housing sector is facing a testing time - a shortage of affordable housing, long waiting lists and many families living in overcrowded homes present considerable challenges for the sector to address.

The ability of social housing tenants to move home is of particular concern. The current shortage of affordable homes and housing allocations policy limits the opportunities for people to move within the social housing sector. As a leading developer of affordable homes, we are committed to delivering our development pipeline of 2,500 new homes over the next three years. However, we are acutely aware that building homes alone will not help improve the mobility of residents. Therefore we all need to ensure that we are making the best use of the homes we have, and give residents the flexibility to move easily within the sector for whatever reason - from taking up work to caring for a sick or elderly relative.

Circle Anglia is committed to improving the mobility of our residents and we have introduced a number of initiatives across our organisation, and continue to explore further solutions. These include, for example, the launch of House Exchange in 2004 - the only national not-for-profit mutual exchange scheme in the UK. This was followed up by the launch of House Exchange Direct in 2009, which allows social housing residents to register directly with the service, rather than through their landlord. We have also introduced incentives for people living in under occupied homes to downsize, and run adaptation services to help alleviate overcrowding.

Circle Anglia contributes regularly to the debate about mobility and this report is the latest example of our contribution. The report has been compiled by the Human City Institute, a research charity that campaigns for improvement in Life Chances and social mobility.

It draws together existing information as well as insights gathered by our House Exchange service to illuminate how mobility has changed in recent years and the economic and social impact of those changes.

The findings make interesting reading and set challenges for all of us who are committed to a social housing sector that provides opportunities for tenants to move to enhance their Life Chances.

Circle Anglia believes that without a nationwide house exchange scheme that all landlords are obliged to sign-up to, we will struggle to create the fluid, free-market of house exchanges that would help so many people.

The Coalition has highlighted the problem - we hope it also encourages and enables the right solutions.

A handwritten signature in black ink, appearing to read "Mark C. Roy". The signature is fluid and cursive, with a large initial 'M' and 'R'.

EXECUTIVE SUMMARY

This report was commissioned to explore the reasons for and consequences of poor tenant mobility within social housing – in other words the ability of tenants to move home within the sector. Using primary research from a wide range of sources this research paper specifically assesses:

- the reasons why social housing tenants have difficulty moving properties and;
- the associated costs of these mobility problems on the economy.

KEY FINDINGS:

- This study estimates that the annual costs of poor mobility is over £542 million - equivalent to building 50,000 new social homes over the five year life of this Parliament.
- Key components of this annual cost include:
 - *£305 million: based on tenants not being able to care for relatives*
 - *£81 million: to the NHS for dealing with the physical and health consequences of inappropriate housing*
 - *£32 million: based on educational under-attainment from overcrowding*
 - *£58 million: to the Criminal Justice System to tackle intensified delinquency, anti-social behaviour and crime that results from overcrowding*
 - *£48 million: based on tenants wanting to move into employment, but unable to do so*
 - *£18 million: based on tenants wanting to move to take up better work but unable to do so*

REGIONAL DATA:

- The South-East has more than 15 per cent of the total costs of immobility an estimated £84 million annually.
- London has the third highest regional cost of immobility (at 12 per cent of the national figure) totalling £63 million each year.

OTHER HIGHLIGHTS:

- Opportunities for tenants to move within social housing have declined appreciably in the last decade and a half, according to a review of existing research. The total number of lettings made by social landlords, and the proportion allocated to current tenants, are key determinants of the extent of tenant mobility within the social housing sector.
- The total number of new lettings made by social landlords has fallen dramatically. In 2008/09 total number of new lettings stood at 294,786: 59,000 fewer than in 2004/05

(353,403) and 256,000 fewer than in 1995/96 (550,907). This represents a fall of 47 per cent between 1995/96 and 2008/09.

- The decline in new lettings to existing tenants, in terms of transfer and exchanges, has been steep. In 2008/09 there were 65,239 new lettings to existing tenants: a fall of 128,000 since 1995/96, when lettings to existing tenants stood at 193,619 - a 66 per cent reduction over 13 years. While in 2004/05 there were 88,341 new lets to existing clients - which represents a fall of 26 percent between 2004/05 and 2008/09.
- The majority of tenants (53 per cent) taking part in Circle Anglia's House Exchange survey (2010) have been trying to move for more than two years, with a further 21 per cent searching for a new home between one and two years, indicating that there are considerable barriers to moving.
- Factors underlying the reduction in the supply of lettings to current tenants include:
 - *the decline in the number of newly built social homes;*
 - *the recalibration of affordable housing investment towards home ownership;*
 - *significantly increased demand for social housing, measured by a doubling of the number of households on local waiting lists to 1.8 million over the last decade;*
 - *the lower incidence of re-lets of existing properties;*
 - *competition for lettings between existing tenants and external applicants with little discretion to recognise a net potential gain from the move;*
 - *the deterioration in the wider housing market impacting on the capacity of social housing tenants to solve their housing needs by moving into home ownership.*

1.

The Scope of the Report

Introduction

The geographical mobility of social housing tenants in the local authority and registered social landlord sectors is commanding increased attention. Growing concerns about reduced mobility of tenants have triggered the creation of a Mobility Taskforce by Communities Minister Grant Shapps MP in partnership with the National Housing Federation, the Local Government Association and a range of representative tenant groups. More recently, the proposal by Works and Pensions Secretary Iain Duncan Smith (2010) that incentives should be given to social tenants moving to take up employment, and that social housing should be made available, has re-emphasised the Coalition's ambition to tackle immobility in the sector.

The Circle Anglia Group is one of the UK's largest affordable housing providers and it set up House Exchange - the UK's only not-for-profit mutual exchange service - in 2004 as part of its strategic response to enabling more residents to move home. To further its ongoing commitment to enabling more social tenants to move home and address overcrowding and under occupation issues, Circle Anglia commissioned the Human City Institute to establish the extent of tenant mobility in the UK and to quantify the economic and social impact of changing trends in mobility.

Research Aims

The research aims to:

- establish the number of social housing tenants wishing to move and the numbers unable to do so, the key reasons given by tenants for wishing to move, and barriers to moving;
- estimate the national costs in economic and social terms of reduced mobility of tenants within the context of current economic and housing market conditions.

Research Approach

The approach used in the research was to combine data from official sources (information about lettings comes from the Continuous Recording - CORE - system and from returns by local authorities, for example) to develop an overview of key trends in tenant mobility. Information from household, housing, market and consumer surveys undertaken by Government Agencies (including the Tenant Services Authority) and trade associations (the National Housing Federation, for instance) has helped to reveal why tenants wish to move home, how many wish to do so and barriers to moves.

A survey of around 600 users of Circle Anglia's House Exchange service has provided additional information about reasons why tenants are actively seeking to move home.

The report first quantifies changes in tenant mobility and underlying trends, and then moves on to estimate the economic and social impacts of the current extent of mobility within the social housing sector.

2.

Factors Affecting Tenant Mobility

Introduction

Factors affecting the mobility of tenants are numerous but key factors are the capacity of tenants to meet their own housing requirements outside the social housing sector by moves into home ownership; the availability of social housing; and competing demands for lettings from those registered on waiting lists, homeless people and those living in temporary accommodation.

Moves outside the Social Housing Sector

The UK's housing market has been severely and adversely affected by the international credit crunch. The slowdown in the housing market has been dramatic over the last three years - the number of house sales fell from 278,000 in the first quarter of 2007 to 175,000 in the same quarter in 2008 and subsequently to 89,000 in the first quarter of 2009 (Land Registry House Price Index 2010). This trend has been exacerbated by a dramatic reduction in the number of mortgage advances by banks and building societies over the period (NHPAU 2009). The consequence for social housing tenants is that movement into home ownership to satisfy their changing housing requirements has become more difficult, even for those who can notionally afford to do so.

Despite reductions in house prices, the cost of buying a home remains about double what it was a decade ago. Therefore, moving into home ownership remains beyond the means of the vast majority of social housing tenants. This persistent affordability problem is illustrated by the affordability ratio of median house price to median income created by the Department of Communities and Local Government (CLG). The ratio stood at 6.3 in 2009, only marginally down from 6.9 in 2008, but more than double the 3.0 recorded in 1997. This means that the average earner needs to borrow almost seven times their income to buy the averagely priced home (CLG Live Tables 2010) and 14 times for the average working tenant (Gulliver 2010).

These wider housing market changes are reflected in the reduced capacity of social housing tenants to meet their changing housing requirements by moving into home ownership, despite the introduction of a range of new low-cost home ownership initiatives over the last decade. Whereas 1.3 per cent of social housing tenants moved into home ownership in 1997, today this is just 0.2 per cent (from approximately one in 77 to one in 500 social housing tenants) (TSA 2009). The TSA survey also shows that the proportion of tenants moving into the private rented sector has remained about stable over the last thirteen years - at 1.5 per cent in 1997 compared to 1.3 per cent today.

Aggregating the number of tenants able to move out of social housing to all non-social housing tenures confirms that mobility between the social housing sector and private rented and ownership has declined markedly. The TSA survey (2009) concludes that while one in 38 tenants were able to satisfy their housing requirements in 1995/96, only one in 59 were able to do so thirteen years later. The numerical difference between the two years is 16,000 tenants who are now seeking to satisfy their housing requirements *within* social housing as the option to move out the sector declines.

The Social Housing Squeeze

The problems in the wider housing market have produced a 'social housing squeeze' (Gulliver 2010). On the one hand, the supply of new social housing remains stagnant due to low numbers of housing starts and completions in the sector against the long-term trend of a dwindling social housing stock overall [see chart (1) on page 9]. On the other, the demand for social housing has escalated [see chart (2) on page 9].

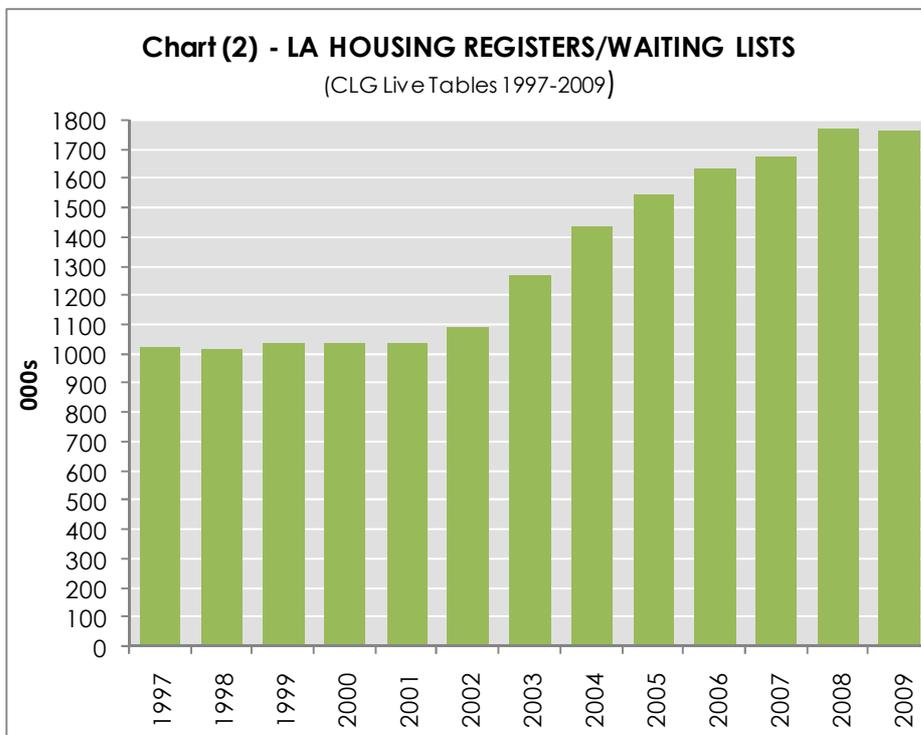
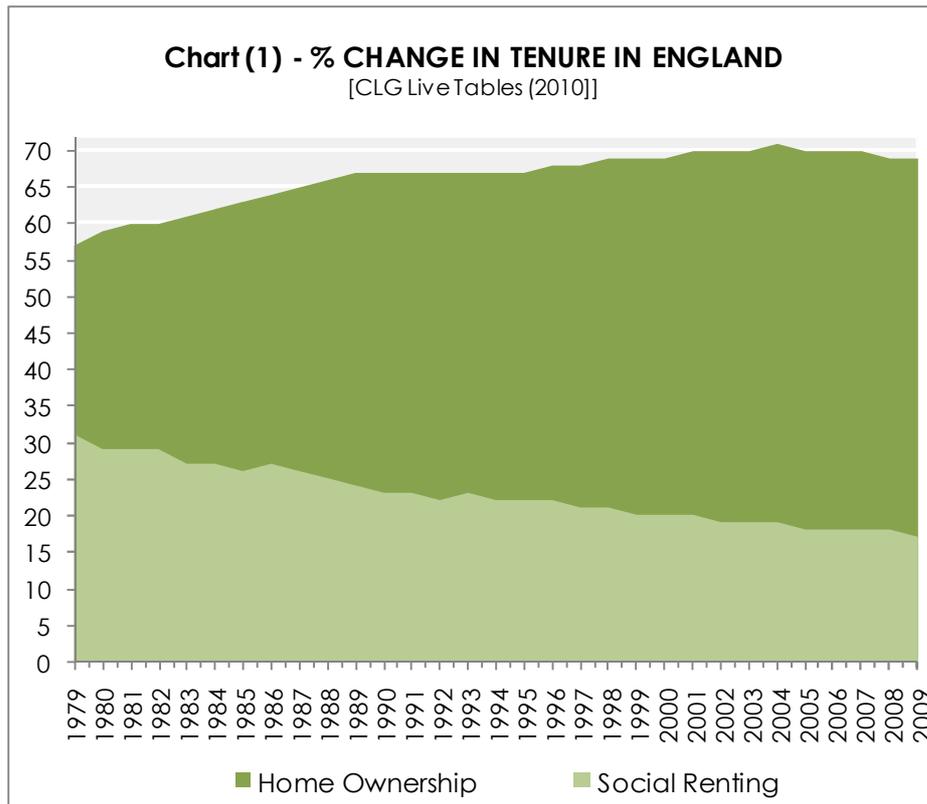
On the supply-side, there were 4.4 million social rented homes in England in 1997 in contrast to 3.9 million in 2009; a fall of 500,000 or 11 per cent. Today there are around 220,000 fewer social rented homes in England than there were in 2006. This 'loss' via the Right to Buy, demolitions, disposals, strategic sales or swaps by RSLs and 'de-conversions' has been compounded by the historically low social house building programme since 1997. This trend is unlikely to be reversed under current public spending restrictions and announcements about housing investment in the Emergency Budget on 22nd May 2010.

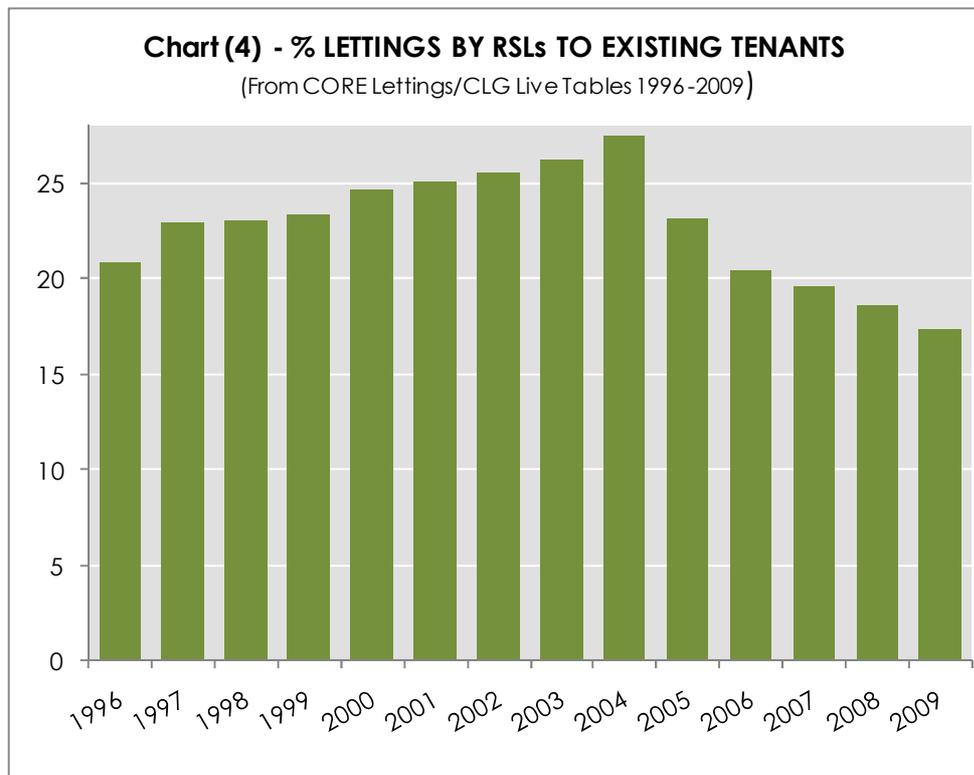
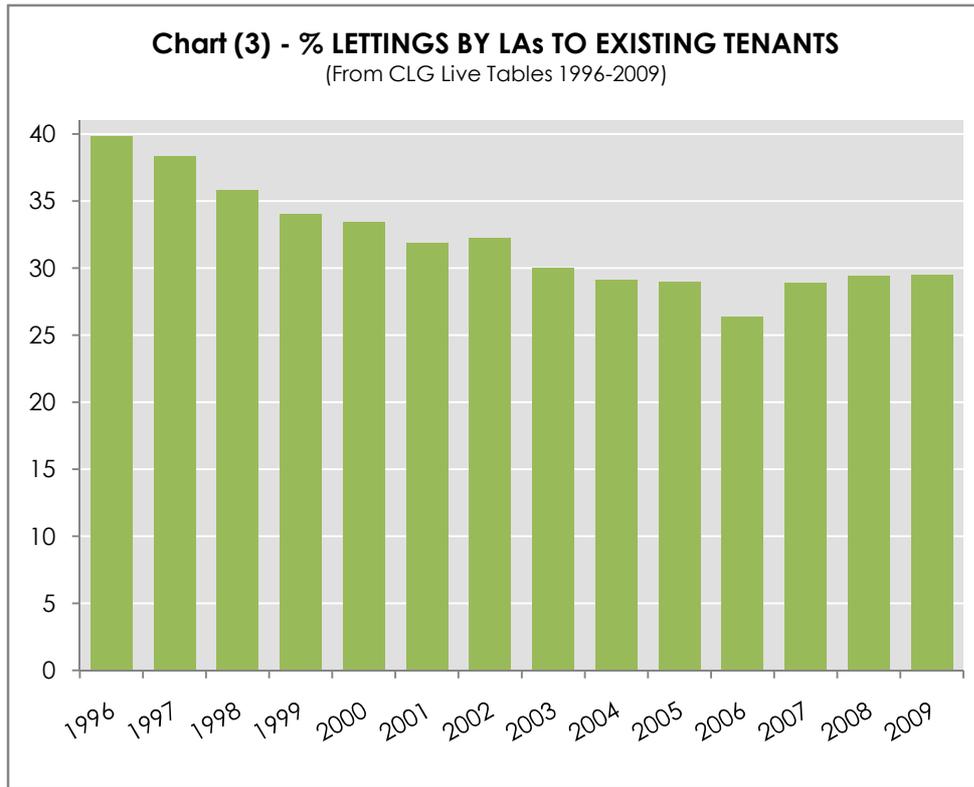
The numbers registered on housing registers/waiting lists maintained by local authorities in England now stands at 1.8 million, or one in 12 of all households in England. Waiting lists soared by 39 per cent between 2003 and 2009 and are set to remain high because of declining availability of social housing and the accelerating rate of household formation (Office of National Statistics 2009). In addition, there are more than 50,000 households accepted as homeless each year and around 54,000 families in temporary accommodation (the majority in Greater London) (CLG Live tables 2010).

Trends in Social Lettings

The total number of lettings (all lettings to both new tenants and to existing tenants through transfer or exchange) made by social landlords, and the proportion allocated to current tenants (through transfers and exchanges only) are key determinants of the extent of tenant mobility within the social housing sector. There were 256,000 fewer total lettings made by all social landlords (including councils and housing associations) in 2008/09 than 1995/65 and 59,000 fewer than in 2004/05, representing a decline of 47 per cent and 17 per cent in each case.

Factors underlying the reduction in the supply of lettings include the decline in the number of newly built social homes, the recalibration of affordable housing investment towards home ownership, the lower incidence of re-lets of existing properties, the deterioration in the wider housing market and the resulting reduced capacity of social housing tenants to move into home ownership (CRMI/Housing Corporation 2008).





The decline in lettings to current tenants in terms of transfer and exchanges has been far steeper nationally. In 2008/09 there were 128,000 fewer lettings made in the social housing sector overall to current tenants than in 1995/96 and 23,000 fewer than in 2004/05 - 66 percent and 26 per cent fewer transfers and exchanges in each case.

Regional Perspectives

Looking at lettings trends by region (see above tables):

- Total lettings in London have fallen dramatically over the last thirteen years. There were 40,147 fewer total lettings in London in 2008/09 (at 44,148) compared with 1995/96 (at 84,295) - a fall of 48 per cent. There were 5,172 fewer total lettings in 2004/05 (at 49,320) than in 2008/09 - a fall of 11 per cent over the four year period.
- The decline in lettings to existing tenants in London in the form of transfers, exchanges and decants was more marked. In 2008/09 there were 10,123 lettings to existing tenants - a reduction of 16,750 since 1995/96 (a fall of 62 per cent) when 26,773 lettings to existing tenants were made. Similarly, in 2004/05 there were 13,989 lettings to existing tenants in the capital: a fall over the last four years of 28 per cent.
- Lettings in the South-East to current tenants fell by 61 per cent over the last thirteen years: In 1995/96 the figure stood at 21,396 falling to 11,176 in 2004/05 and 8,439 in 2008/09.

**Table (1) -
Total Lettings & Lettings to Current Tenants by Local Authorities
& Registered Social Landlords by English Region (1995/96, 2004/05 and 2008/09)**

English Regions	Total Lettings			Lettings to Current Tenants		
	1995/96	2004/05	2008/09	1995/96	2004/05	2008/09
North-East	49,055	29,672	28,131	17,460	7,260	5,979
North-West	93,436	50,168	54,912	29,630	9,832	7,897
Yorkshire & Humberside	70,181	44,879	39,970	25,201	11,215	7,480
East Midlands	45,247	31,861	30,785	15,649	6,875	5,462
West Midlands	67,805	42,344	36,709	25,130	10,167	7,873
South-West	38,962	25,404	24,288	15,046	6,970	5,365
East of England	45,777	31,851	33,322	17,434	9,251	6,621
South-East	56,149	38,491	36,721	21,396	11,176	8,439
London	84,295	49,320	44,148	27,773	13,989	10,123

Source: CLG Lives Tables (1995/96 to 2008/09); Continuous Recording (CORE) Lettings (1995/96 to 2008/09)

These trends illustrate that the opportunities for social housing tenants to move home within the sector have been rapidly declining. This trend has become embedded in lettings patterns mainly because of housing allocation policy. In some areas priority is given to the needs of homeless and temporarily housed families. While the loss of larger houses, through

the Right to Buy scheme, means that the current social housing stock is increasingly concentrated in smaller and/or flatted units. While there are some good examples of schemes to incentivise tenants to down-size, these are not widespread and there are still many areas where there is a high level of under-occupancy.

**Table (2) -
Actual Change in Lettings to Total & Current Tenants by Local Authorities
& Registered Social Landlords by English Region (1995/96 to 2008/09)**

English Regions	Total Lettings		Lettings to Current Tenants	
	No. Change (1995/96- 2008/09)	No. Change (2004/05- 2008/09)	No. Change (1995/96- 2008/09)	No. Change (2004/05- 2008/09)
North-East	-20,924	-1,541	-11,481	-1,281
North-West	-38,524	+4,744	-21,733	-1,935
Yorkshire & Humberside	-30,211	-4,909	-17,721	-3,735
East Midlands	-14,462	-1,076	-10,187	-1,413
West Midlands	-36,709	-5,635	-17,257	-2,294
South-West	-14,674	-1,115	-9,681	-1,605
East of England	-12,455	+1,471	-10,813	-2,630
South-East	-19,428	-1,770	-12,957	-2,737
London	-40,147	-5,172	-16,750	-3,866

Source: CLG Lives Tables (1995/96 to 2008/09); Continuous Recording (CORE) Lettings (1995/96 to 2008/09)

**Table (3) -
Percentage Change in Lettings to Total & Current Tenants by Local Authorities
& Registered Social Landlords by English Region (1995/96 to 2008/09)**

English Regions	Total Lettings		Lettings to Current Tenants	
	% Change (1995/96- 2008/09)	% Change (2004/05- 2008/09)	% Change (1995/96- 2008/09)	% Change (2004/05- 2008/09)
North-East	-42.7	-5.2	-65.8	-17.6
North-West	-41.2	9.5	-73.3	-19.7
Yorkshire & Humberside	-43.0	-10.9	-70.3	-33.3
East Midlands	-32.0	-3.4	-65.1	-20.6
West Midlands	-45.9	-13.3	-68.7	-22.6
South-West	-37.7	-4.4	-62.0	-28.4
East of England	-27.2	4.6	-64.3	-23.0
South-East	-34.6	-4.6	-60.6	-24.5
London	-47.6	-10.5	-62.2	-27.6

Source: CLG Lives Tables (1995/96 to 2008/09); Continuous Recording (CORE) Lettings (1995/96 to 2008/09)

3.

Why Tenants Want to Move

Introduction

National surveys, including the 'Tenant Mobility and Aspirations' survey by the TSA (2009) and the 'Mobility Matters' survey by Affinity Sutton and seven other large housing associations (2009) with large representative samples, enable and highlight:

- robust estimation of the number of tenants wishing to move home;
- reasons why they wish to move; and
- potential barriers to moves.

This section reviews the findings of these and other surveys to explore why social tenants wish to move home and the numbers wishing to do so.

How Many Tenants Want to Move?

Combining the findings from the various surveys mentioned above, it can be estimated that around 17-18 per cent of social housing tenants want to move home. This translates into an estimated 650,000 to 700,000 tenant households or around 1.5 million people (including children) of those living in the approximate 3.9 million social homes in England (CLG 2010).

The TSA survey (2009) indicates that 80 per cent of those wanting to move wished to remain in the social rented sector, which equates to a total of between 520,000 and 560,000 tenants. Subtracting actual, annual lettings to current tenants (at 65,000), this leaves a potential unmet need of 455,000 to 495,000 tenant households who wish to move for a variety of reasons.

The South-East and London have some of the largest proportions of tenants wishing to move.

Why Tenants Want to Move

Tenants mainly say they want to move because of property criteria (at 49 per cent) followed by neighbourhood criteria (at 32 per cent), location criteria (at 29 per cent), personal criteria (5 per cent) and for financial reasons (at 4 per cent) [see chart (5) over the page (TSA 2009)]. This finding is mirrored in the Mobility Matters report (Affinity Sutton 2009) which found that 58 per cent of tenant respondents pointed to property criteria.

Chart (5) - REASONS TENANTS WANT TO MOVE IN NEXT TWO YEARS

[Tenant Services Authority (2009)]

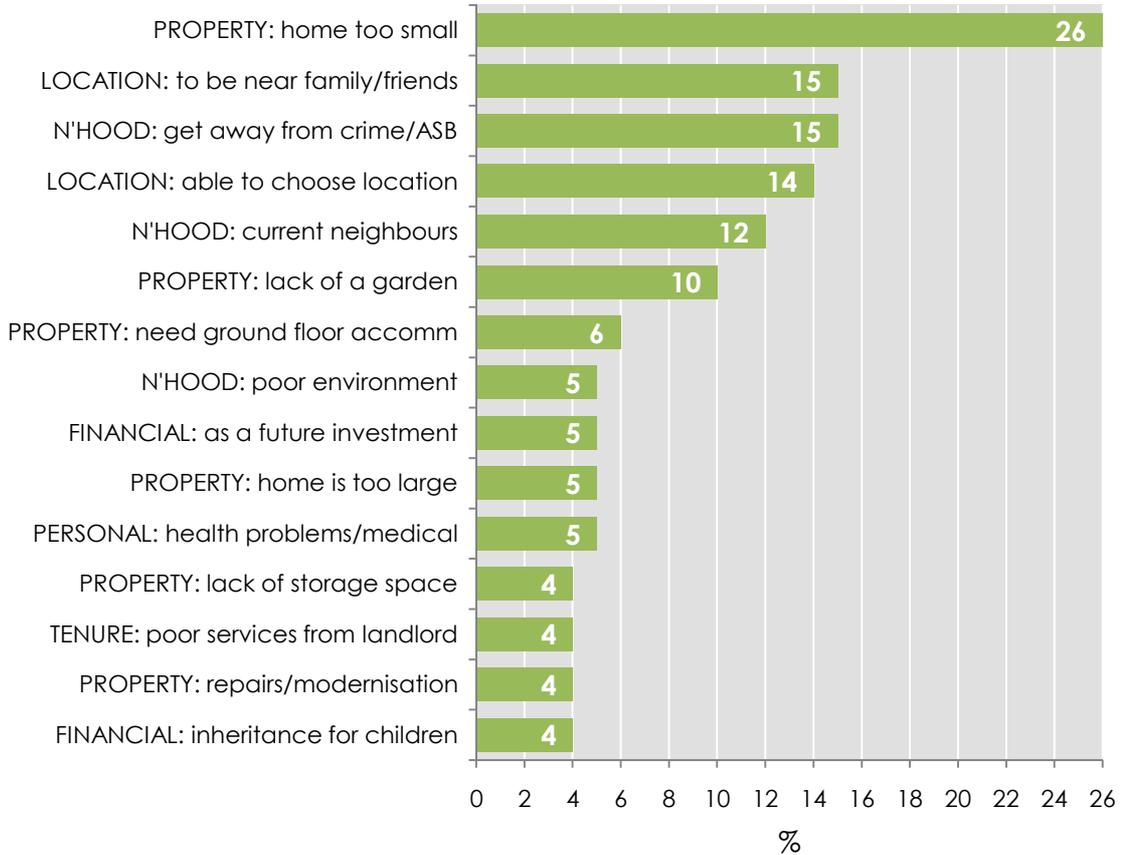
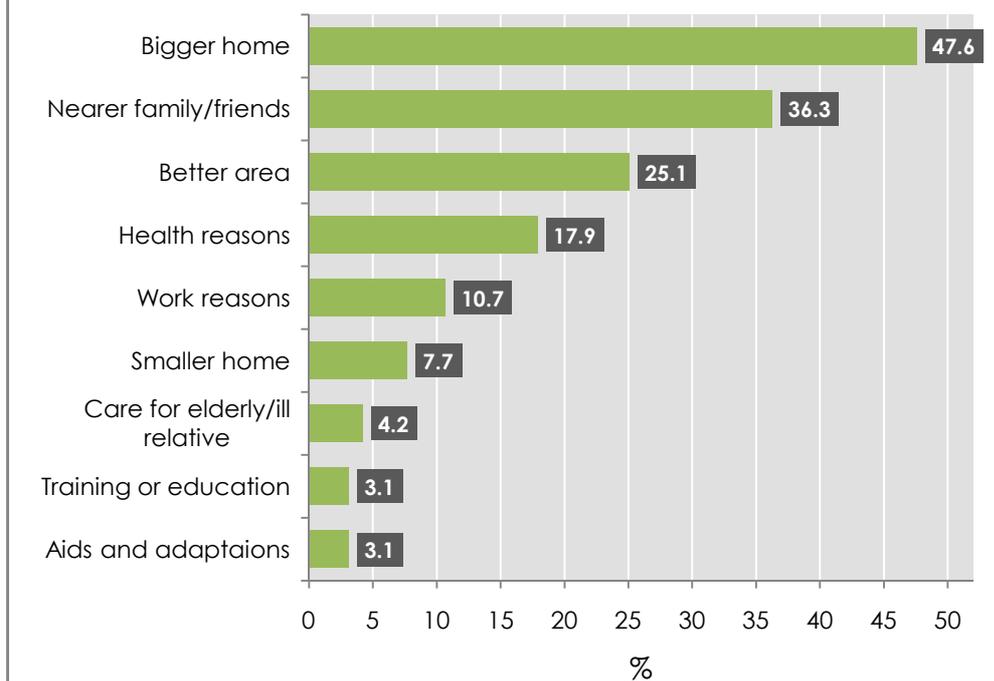


Chart (6) - REASONS TENANTS WANT TO MOVE

[House Exchange Survey (2010)]



Their current home being too small for their needs was identified by 26 per cent of tenants as being the main reason for wanting a move, whereas just five per cent indicated that it is because their home is too large (TSA 2009). The House Exchange surveys of 2009 and 2010 across the UK point to almost half wishing to move to a larger home (at 47.6 per cent - see table (6) on the previous page]. Only 7.7 per cent said that they wanted a smaller home. A further 10 per cent cite lack of a garden and eight per cent list property unsuitability criteria, such as a need for repairs, modernisation or storage space (TSA 2009).

The second major group of reasons for tenants wishing to move relates to neighbourhood factors, with 15 per cent of tenants citing crime and anti-social behaviour as the main neighbourhood-based reason for wanting to move, followed by problems with neighbours (at 12 per cent) and a poor local environment (at five per cent). Locational factors are stressed by 29 per cent of tenants of which 15 per cent wanted to move to be closer to family or friends (eight per cent in the Affinity Sutton et al survey of 2009). The House Exchange surveys (2009, 2010) show a greater tendency for tenants wishing to move closer to family and friends (at 36.3 per cent).

4.

The Economic & Social Impact of Immobility

Introduction

A lack of mobility in social housing has costs associated with:

- tenants unable to access networks of family and friends;
- the number of tenants continuing to live in unsuitable housing (particularly related to overcrowding) which impacts on public spending in a number of ways but chiefly related to health, education and the criminal justice system;
- a potentially static labour force in geographical terms on the economy and social mobility;
- the state caring for elderly or sick relatives because tenants can't move close enough to do so.

The method for estimating some of these costs builds on previous research (for example RICS 1997; Boheim et al 1999; Donovan et al 2002; Fletcher 2008; Battu et al 2008; LGIU 2009; Friedman 2010; Marmot 2010; BRE 2010). Each of the above impact areas is taken in turn and economic and social costs are estimated based on these various synthesised approaches. A summary of calculations is shown in table (4) on page 22.

Of particular note should be the number of tenants who wish to move to be closer to family or friendship networks. The most recent national survey (TSA 2009) discovered that 15 per cent (one in seven tenants wishing to move) wanted to do so to be nearer family and friends. Numerically, taking the total spread of tenants wishing to move established earlier in this section, this represents 68,000 to 74,000 of this tenant group. There is very likely to be a cost here in terms of loneliness, potential isolation, travel expenses and so forth. Belot & Ermisch (2006) in a study of the British Household Panel Survey conclude that friendship ties are a key determinant of geographical mobility; both in terms of people staying put to keep in touch with important networks and moving to be closer to valued networks away from their current location.

A similar proportion (15 per cent) wish to move because of anti-social behaviour (numerically 68,000 to 74,000 tenants) and a further 12 per cent (55,000 to 67,000 tenants) name problems with their current neighbours as being the chief motivating factor for looking to move. Again, these have costs in terms of stress for tenants experiencing such difficulties, and for social and police services responsible for addressing such problems.

Finally, five per cent of tenants want to move for un-categorised health or medical reasons (22,000 to 28,000 numerically). There are indications from a first glance at the NHF's 2010 survey of tenant mobility that a need for aids and adaptations for a disabled or frail family member might account for a large proportion of these tenants. Again, costs of enabling these tenants to stay in their current home are inevitable, although difficult to quantify.

The Total Costs of Immobility

This report calculates that the cost of tenant immobility is estimated (conservatively) at £542 million per annum. Costs to the state of caring for relatives who tenants would themselves look after if they could move closer, followed by the costs to the NHS and other social services of overcrowded housing are two major elements of these costs. This section explores in more depth the origin of these costs.

TOTAL COSTS OF IMMOBILITY = £542 MILLION PER ANNUM

The policy areas chosen under which costs are estimated are not exhaustive, nor meant to be comprehensive. The impact on tenants of having to continue living in overcrowded housing (if an adequate supply of social housing lettings were available they would be able to move via transfer or exchange) are estimated for health, education and the criminal justice system only because the report has adopted the NHF's recently developed methodology (Freidman 2010) based on earlier approaches by RICS (1997) and BRE (2010).

The estimated cost of £542 million represents eight per cent of the £6.2 billion initial reduction in public expenditure outlined by the Coalition Government.

It is also equivalent to providing 50,000 new affordable homes over the predicted five year life of this Parliament.

The Impact of Overcrowded Housing - In Situ Costs

Persistent overcrowding in all tenures is well-documented. Overcrowding has been growing in social housing, with 12 per cent of the 3.9million homes officially overcrowded compared with three per cent of home owners and nine per cent of private sector tenants. This equates to around 470,000 social rented homes. Overcrowding in social housing is greatest in London at just under 18 percent (CLG 2007, LGIU 2009). Overcrowded housing has major effects upon health, education and crime. The assumption here is that if there was an adequate social housing stock (in terms of numbers, size and type of home, location) tenants would be able to meet their housing requirements within that stock. As section (3) shows a move to a larger home is the key reason why tenants wish to move. Consequently, the number of overcrowded homes in the social housing sector represents the base figure for calculating costs of immobility from an 'in situ' standpoint.

COST TO THE NATIONAL HEALTH SERVICE = £81M EVERY YEAR

Health is a key area impacted by housing conditions, particularly overcrowding. Housing of sufficient capacity for household needs has a role to play in determining physical health, mental health and general wellbeing. The Marmot Review, (2009) building on earlier reports (including the Acheson Report on Health Inequalities in 1998) identifies housing as one of the key social determinants of higher mortality and morbidity rates and health inequalities.

Overcrowding is associated with depression and anxiety, both of which are reported to increase with the severity of housing problems (Friedman 2010). Overcrowded housing also creates and exacerbates stress and other mental health disorders.

Both RICS (1997) and BRE (2010) point to costs of overcrowded and poor housing associated with GP consultations, associated treatments, hospital in-days and hospital out-day referrals. There are additional costs, for example, through loss of earnings. Friedman's analysis for the NHF estimates higher total costs to the NHS, combining BRE and RICS data of £2.5 billion costs per annum for 4.8 million homes that are overcrowded or in poor condition across all tenures. This equates to £521 per dwelling. Since overcrowding represents about one third of all housing assessed as inadequate (CLG 2007, LGIU 2009), HCI estimates that the cost of overcrowding to the NHS annually equates to £172 per dwelling.

With 470,000 social homes assessed as overcrowded, multiplied by the health cost per dwelling of £172 there is a total cost of just under £81 million per annum to the NHS.

COST TO THE ECONOMY FROM EDUCATIONAL UNDER-ATTAINMENT = £32M EACH YEAR

There are also strong associations between **educational under-achievement**, deprivation, social exclusion and poverty, with housing a key element in determining these factors. The Tenant Services Authority report (Feinstein 2008) makes a compelling case that the relative poor quality of much of social housing (in terms of over-concentration in flatted dwellings and overcrowding) correlates to a range of other social indicators, including educational attainment. Longitudinal studies by the Smith Institute (2008) have formulated similar conclusions.

A Shelter study (2006) highlights links between stressed parents in overcrowded homes and lack of educational support for children; increased risk of dropping out of school by children in overcrowded properties; and slower progression through the educational system, from primary and middle school.

Overcrowding can disrupt a good education. Factors include the lack of quiet private space in which to do homework, arguments and disputes caused by forced sharing of bedrooms, leading on to behaviour management problems in schools; the sharing of bedrooms and associated sleeping problems with children going to bed at different times, leading to sleeplessness and poor classroom performance (Shelter 2006).

The NHF report (Friedman 2010) calculates the difference in educational attainment (in terms of GCSEs, A levels and degrees) between children living in overcrowded housing (estimated at 240,000 children) and those not living in such conditions in terms of lost opportunities for this generation to achieve full potential earnings of around £14.8 billion (Friedman 2010). This equates to £3,083 per dwelling in the total housing stock.

With 470,000 social homes assessed as overcrowded multiplied by the educational cost per dwelling of £3,083 there is a total cost of £1.5 billion. Assuming an average working life of 45 years, then the educational costs of overcrowded social housing is £32 million per annum.

COST TO THE CRIMINAL JUSTICE SYSTEM = £58M EVERY YEAR

Poor and overcrowded housing conditions have an impact on the **criminal justice system** too. A JRF study (2006) identified poor housing and disadvantaged neighbourhoods as risk factors signalling future delinquency, criminal and anti-social behaviour. These factors do not just apply to young offenders. The Social Exclusion Unit (2002) discovered that the provision of stable and good quality housing has the potential to reduce reoffending rates appreciably.

The NHF report (Friedman 2010) assesses costs associated to police response to crimes, the costs of burglary and criminal damage related to poor and overcrowded housing conditions as £1.8 billion across the total housing stock, or £375 per dwelling. Since overcrowding represents about one third of all housing assessed as inadequate (CLG 2007, LGIU 2009), HCI estimates that the costs of overcrowding to the Criminal Justice System annually equate to £124 per dwelling.

With 470,000 social homes assessed as overcrowded, multiplied by the cost per dwelling of £124, there is a total cost of just over £58 million per annum to the Criminal Justice System.

Economic Costs of Reduced Mobility

Since the total number of households wishing to move has been estimated previously in the report as ranging from 455,000 to 495,000 these figures can be applied to a number of areas of economic and social activity to estimate economic costs.

COST OF NOT BEING ABLE TO TAKE UP EMPLOYMENT = £48M EACH YEAR

In the area of **workforce mobility** and **social mobility** there is considerable debate about the effects of tenant immobility. A study by Fletcher et al (2008) for the Department of Work and Pensions concluded that restricted geographical mobility had little impact on working tenants' ability to relocate to improve their chances of employment. However, a report by the Performance and Innovation Unit in the Cabinet Office (2002) showed the close relationship between geographical mobility and social mobility. Nunn et al (2007), in a more recent study for the Department of Work and Pensions, concluded that geographical mobility is an important factor in people achieving social mobility but that social housing

tenants were far less likely to be able to move home than private renters, pointing to the link between low geographical mobility and low social mobility within social housing.

The results of tenant surveys discussed in previous sections reinforces this conclusion; only a minority of tenants wishing to move seek to do so because of employment reasons (around one to two per cent of all movers) although around one in 10 users of the House Exchange website cite employment. By synthesising these figures, an assumption can be made that two per cent of tenants wish to move because of employment reasons. This equates to 9,000 to 10,000 (9,500 taking the mid-point) of the total 455,000 to 495,000 tenant households in England wishing to move.

Using the Housing Corporation national survey of tenants (BMG 2006) 68 per cent of tenants wishing to move are unemployed. This equates to about 6,500 of the total 9,500. The costs of an unemployed tenant moving into work can be estimated by combining the savings from coming off welfare benefits and the extra direct taxation (payroll taxation) payable to the state. The estimate per tenant is £6,880 per annum based upon a total average benefit saving of £5,200 and tax/national insurance (at 14 per cent) on the median annual tenant's wage of around £12,000 (BMG 2006) which is equal to income to the state annually of £1,680 (this is based on the newly increased personal allowance of lower rate tax payers of £7,500 per annum).

With 6,500 social tenants wanting to move into employment if they could move home multiplied by an estimated annual cost per tenant of £6,880 equates to a total economic cost each year of just over £48 million.

LOST EARNINGS - BEING UNABLE TO TAKE-UP PAID WORK = £18M EVERY YEAR

It is more difficult to assess the costs to the economy of lost productivity or stalled career development (Green & Canny 2003). For instance, assessing the impact on working tenants who wish to move to take up new employment in areas with better prospects because their move would also leave job vacancies which in turn could affect productivity. Equally, the surveys used in this study did not ask whether tenants wish to move to an area with a higher job vacancy rate in an effort to find new work or whether they have already secured employment elsewhere but were unable to move to take it up. A further issue is how long a job opportunity might remain vacant if a tenant is unable to move to fill that vacancy. Moreover, at a time of rising unemployment it is also problematic to assess whether tenant immobility has as much impact compared with periods of economic buoyancy. Consequently, it is difficult to assign costs here.

HCI has calculated that 3,000 tenants, based upon 32 per cent which the BMG survey shows are in employment from the total 9,500 seeking to move because of employment reasons, are looking to move into new and/or better jobs in different areas than at present. Being unable to move has a cost to the economy in terms of lost productivity and potentially foregone higher earnings in a better paid job which has a knock-on effect on total tax take. This will mean that National Income – a key economic statistic and

performance indicator measuring what we pay ourselves – will be lower than if tenants could move to take-up higher paid jobs. As Works and Pensions Secretary Iain Duncan Smith has concluded, and outlined in a Daily Telegraph article on 27th June 2010, stimulating employment mobility in social housing has to be linked to facilitating geographical mobility. His potential solution is incentivising those of working age to move region or intra-regionally by enabling them to go to the head of social housing waiting lists.

Using the House Exchange survey (2010) HCI estimates an average period for a tenant actively seeking to move as being around two years. Taking the average working tenant's wage (at £12,000 from the BMG survey 2006) HCI has estimated that tenants will probably only seek to move home to find or take or a new job if they can attain at least 25 per cent above their current wage (equal to £3,000 per annum).

Multiplying £3,000 with two years average wait equals £6,000 multiplied with 3,000 tenants wanting to move to take up better work but unable to do, equates to an annual cost to the economy of £18 million.

COST OF NOT BEING ABLE TO CARE FOR RELATIVES = £305M EVERY YEAR

Calculating the costs of tenants being unable to move to **care for relatives** requires a number of stages. National surveys do not record the number of tenants wishing to move to look after elderly or sick relatives but the larger group of those wishing to move to be closer to relatives and friends (at eight to 15 per cent) may hide this sub-group. Green & Canny (2003) state that the *'care of elderly parents is not fully appreciated...proximity to elderly parents is an increasingly important factor that needs to be taken into consideration in relocation'*. The House Exchange survey reveals that around four per cent of those registering on its House Exchange Direct website put forward this reason for wanting to move. Applying this 4 per cent can to the 455,000 to 560,000 households unable to move, then around 18,000 to 22,000 tenants want to move to look after elderly or sick relatives (mid-point of 20,000).

The costs of caring vary considerably depending upon the intensity and duration. However, research undertaken on behalf of Carers UK by the University of Leeds (2007) estimates that there are 4.8 million carers in England providing a value of unpaid care for sick, disabled, frail and/or elderly relatives of £82 billion each year. Carers UK calculate that the average carer is saving the nation £15,260 each year.

Multiplying 20,000 tenants estimated as wanting to move to look after relatives by this annual average of £15,260 produces a cost of caring in England because of tenant immobility of £305 million per annum.

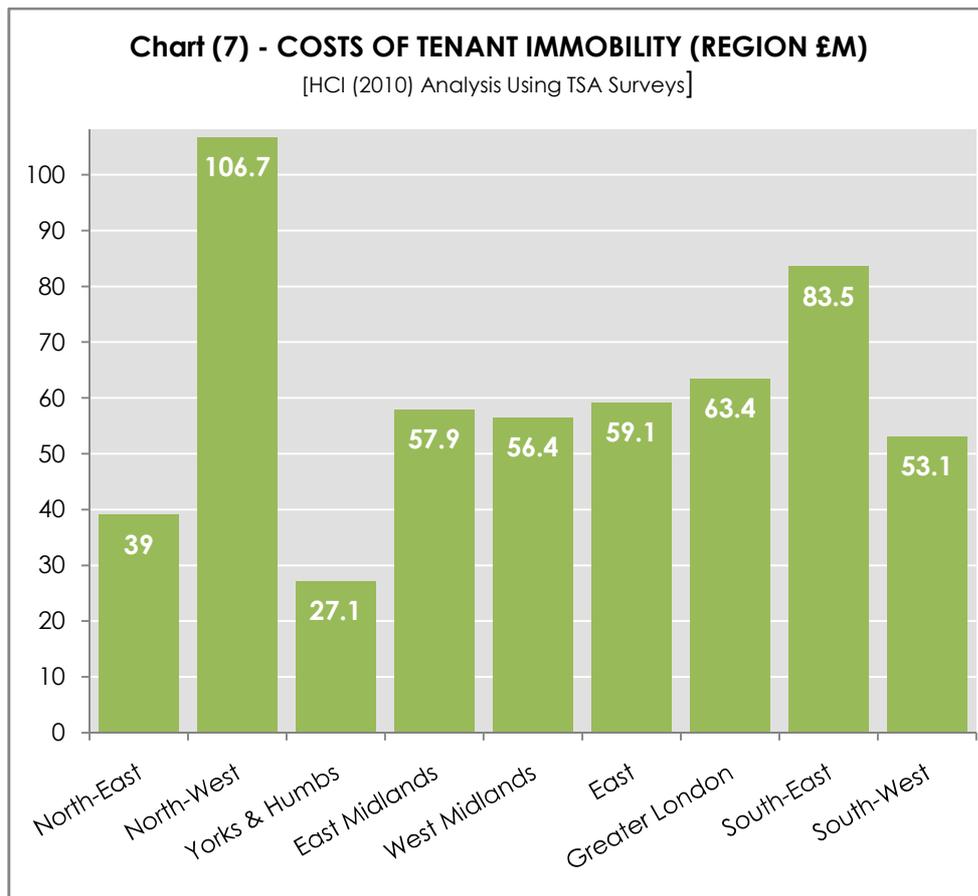
Table (4)
Summary of Estimation of Costs of Tenant Immobility
by In-Situ & Reduced Mobility

IN SITU COSTS OF OVERCROWDED IN SOCIAL HOUSING			
Key Policy Areas	Total Social Homes Used for Calculation	Cost Per Social Dwelling Per Annum	Total Annual Costs
The National Health Service	470,000	£172	£81million
The National Education System	470,000	£69	£32million
The Criminal Justice System	470,000	£124	£58million
TOTAL	-	-	£171million
COSTS OF REDUCED MOBILITY IN SOCIAL HOUSING			
Key Policy Areas	Total Social Homes Used for Calculations	Cost Per Social Dwelling Per Annum	Total Annual Costs
Costs of State Care Provided	20,000 (Mid-point)	£15,260	£305million
Costs to the Economy (Labour Immobility - Unemployed Tenants)	3,000 (Mid-point)	£6,000	£18million
Costs to the Economy (Labour Immobility - Employed Tenants)	6,500 (Mid-point)	£6,880	£48million
TOTAL	-	-	£371million
OVERALL TOTAL			£542million

Regional Assessments

Using the 2006 national survey of tenants (BMG) and the English House Condition Survey (CLG 2007) the proportion of costs for each English region can be calculated by taking the proportion of tenants in each region which wish to move [see table (7) below]:

- The costs of immobility are most keenly felt in the North-West (including Merseyside) with 20 per cent of the total equating to £107 million annually.
- The South-East has the second highest proportional costs of £84 million.
- London has the third highest regional cost (at 12 per cent of the national total) constituting £63 million each year.
- The costs in the East Midlands are 11 per cent of the total (or £58 million).



5.

Mobility Trends & Policy Solutions

Likely Future Trends

Over the last 13 years, approximately 50,000 social homes on average each year have been 'lost' to the sector for reasons discussed above, while local housing registers/waiting lists have grown by an average of 62,000 households per annum. Given that social house building is likely to be curtailed as part of public spending reductions in this Parliamentary session, the need for social housing will only grow, placing pressure on social housing providers to meet 'external' need rather than 'internal' need from their own tenants.

Around 10,000 fewer lettings have been made per year on average in each of the last thirteen years. Even if this trend stays the same (and given the social housing squeeze from higher demand and falling supply even fewer lettings are likely to be made to existing social tenants) than at least 50,000 tenant households will be added to the 455,000 to 465,000 already seeking home moves.

Potential Policy Prescriptions

Roberts (2008), the Mobility Taskforce (2009) and the Centre for Social Justice (2008) point to a range of potential policy solutions forward including:

- Developing fresh approaches to letting homes, including a review of needs priorities, points-based and choice systems to facilitate greater tenant mobility.
- Extending the current 20 or so mutual exchange schemes to more actively support tenants seeking moves within the social housing sector.
- Looking at matching those wishing to move to larger homes with those searching for smaller homes.
- Increasing the supply of social housing, which is very unlikely given the current public spending circumstances.

Perspectives from Circle Anglia

The barriers to mobility highlighted in this report and the enduring pressure on public finance mean that housing providers and local authorities must work creatively to open up new pathways for social housing tenants. The social and economic costs of immobility make action essential. However the financial realities mean that the sector will have to generate the capacity to deliver solutions. Circle Anglia recommends:

- A single online point of access for all mutual exchanges with the ability to search for direct and 'chain' matches at the touch of a button.
- Simplification of mobility processes so that tenants applying for a transfer are automatically considered for potential mutual exchanges and vice-versa.
- Establishment of a national support help-line to assist tenants in finding and completing a move.
- More 'housing options' teams such as the one at Circle 33 where staff support tenants to move or to find ways in which their current home can be changed to better meet their needs.
- Wider adoption of cross-boundary protocols giving access to lettings for those with legitimate reasons for a move.
- Priority for people who are moving to take up employment or whose move will measurably reduce the need for publicly funded health interventions or care and support.
- Training and support for housing teams to achieve wider understanding of the problems and costs of immobility and the actions to tackle it.

To enable these initiatives to be realised without increasing the burden on public finances Circle Anglia also recommends greater freedom and flexibilities for housing providers.

Combined with clear leadership from government, greater discretion for organisations like Circle Anglia to manage assets creatively will be a significant step forward in delivering the shared objective of injecting greater mobility into the social housing sector.

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Counting Costs

The Economic and Social Impact of Reduced Mobility in Social Housing

Kevin Gulliver

Foreword by Mark Rogers, Chief Executive of the Circle Anglia Group

In June 2010, the Circle Anglia Group of Housing Associations and related social enterprises commissioned the Human City Institute (HCI) to undertake research into the economic and social impact of reduced geographical mobility in social housing to inform Circle Anglia's core mission of 'enhancing life chances', including Group strategies to improve mobility. The creation of the Group's House Exchange web-based service in 2008 has helped 10,000 tenants to exchange. However, Circle Anglia has concluded, against a backdrop of growing concern for the mobility prospects of tenants which has culminated in the establishment of the Mobility Taskforce by the Lib-Con Coalition Government, that some review of the economic and social impact of decreased mobility was necessary. The need for this review has been underlined in the proposal by Works and Pensions Secretary Iain Duncan Smith who has indicated that social housing tenants wishing to move area to take up employment may go to the head of social housing waiting lists in their target areas.

The result of HCI's research is the 'Counting Costs' report, which describes how the mobility of social housing tenants has declined markedly over the last thirteen years; annually there were 128,000 fewer lettings to current tenants in 2008/09 than in 1995/96 (a decline of 66 percent) and 23,000 fewer than in 2004/05 (a fall of 26 percent). This has partly occurred because social housing providers are responding to a 'squeeze' in their sector by trying to meet growing demand by an extra 800,000 households registering on local waiting lists over the last ten years against a backdrop of reduced supply – there are 500,000 fewer social housing homes than in 1997. Tenants are also far less likely to meet their changing housing requirements outside the sector – by moving into home ownership or private renting for example – than a decade ago because of the credit crunch and deteriorating housing market and mortgage lending conditions.

The decline in mobility opportunities has led to significant personal costs to tenants and to the economy and public spending, as the 'Counting Costs' report illustrates with some apposite examples. Many tenants who wish to move are enduring overcrowding which has pass-on costs to the NHS, the National Education Service and the Criminal Justice System. Other tenants wish to move to look after elderly, frail, disabled or sick relatives, or to take-up a job in another area or to move into new employment. The report has quantified these costs to the economy and public spending at a minimum of £0.5 billion each year. This is equivalent to building 50,000 social housing homes over the five years of this Parliament which would go a considerable way to facilitate the mobility of tenants and improve their life chances. The report concludes that an increase in the number of social rented homes – especially larger homes – should be delivered alongside imaginative strategies to provide tenants with in situ solutions supported by the creation of a national mutual exchange scheme.

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