



How to...

*increase demand for hard
to let properties*



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1 Hard to let properties have always posed a challenge to landlords and void properties are an inevitable aspect of housing management. However, reforms to housing benefit introduced from April 2013, and in particular the social sector size criteria, have resulted in a 'new breed' of hard to let properties. Providers are finding that properties that pre-welfare reform received a high level of interest are now empty for an increasingly long time.

A property can be considered as 'hard to let' in the following circumstances:

- there has been very little interest expressed when it has been advertised
- there is a very small or non-existent waiting list
- offers of a tenancy have been repeatedly refused by applicants from the housing register
- there is a particularly high rate of tenancy turnover.

Hard to let properties are a challenge for providers for a number of reasons. At a time when demand for housing is outstripping the supply of available homes, it is a priority for housing providers to make the best use of their stock and provide homes for people in need.

Properties that become hard to let also pose a financial challenge to housing providers, as organisations rely on the income from rent paid on homes that are tenanted. An empty home means that no income is being generated by the property.

Hard to let properties are also at risk of becoming long-term void properties, which require careful management by housing providers so as not to attract anti-social behaviour or unauthorised occupancy and squatting.

This 'how to' briefing will explore some of the challenges faced by providers, and highlight examples of how other organisations have managed to increase demand for their hard to let homes.

Why do homes become hard to let?

There are many reasons the demand for a property may fall; including its location, size of rooms, and lack of local amenities. In recent times we have also seen the social sector size criteria have a significant impact on demand for properties in certain geographical areas.

In order to make effective changes to increase demand for properties, providers should first seek to understand why certain homes become harder to let.

The types of accommodation most likely to be affected include:

- two bedroom properties that are not suitable for families (due to policy decisions not house children 'at height') and are no longer affordable for some single person households due to the social sector size criteria
- under-occupied larger family accommodation which tenants have vacated to avoid paying rent as a result of the social sector size criteria
- age-restricted accommodation that does not meet the housing aspirations of its intended target market
- accommodation located in areas which are perceived as less desirable places to live
- accommodation in areas where the private rented sector (PRS) is as affordable as the social rented sector (SRS) and offers greater choice for tenants

- properties that are offered at affordable rent are becoming more difficult to let, particularly in London and the South East. Providers have suggested this is because both working households and those in receipt of benefit perceive the rent to be prohibitively expensive, and they would rather wait to be allocated a socially rented property.

How can providers increase demand?

Once you have an understanding of why properties are harder to let, you can start to implement measures that will help to increase demand. These measures include:

- promotional campaigns
- working with a choice based lettings scheme
- reviewing your nominations agreements
- reviewing your allocations policy
- exploring different tenure types
- reviewing your choice based lettings scheme
- making changes to your stock.

Promotional campaigns

The way landlords and tenants interact is changing, and in particular in light of universal credit and the introduction of direct payment (where the rent will be paid directly to the tenant rather than the landlords, except in exceptional circumstances), tenants have more control and more choice over where they want to live.

Landlords are increasingly recognising that social housing is, for some tenants, no longer the default housing option as many tenants are choosing to live in the private rented sector instead. Never before has the competition from the PRS been so strong – in some areas of the country landlords need to up their game to compete in an increasingly competitive market.

In areas where the PRS is a strong competitor, social landlords may need to increase their promotional activity, and become more commercially-minded when advertising their properties in order to compete effectively with the PRS. Promotional activities could include:

- open house events, where the public can come and view the property without an appointment
- posting 'to let' signs outside properties to advertise their availability in the neighbourhood
- creating a letting information pack for prospective tenants, including colour photographs, descriptions of the property and information about the local area
- using your webpage and social media, like Twitter and Facebook, to advertise homes
- making a feature of the benefits of a tenancy in the SRS compared to the PRS - for example the SRS offers longer tenancies, no deposit to pay, and has a reliable repairs service
- sharing the details of available properties with local councillors, and relevant departments within the local authority (children's and adult's social care services, probation service etc)
- exploring new communication methods, for example using online property websites to advertise available homes.

Aside from promotional activities landlords are also increasing their competitive edge by:

- offering evening and weekend viewings of properties
- ensuring a quick turnaround between a property viewing and the letting, in line with the PRS
- improving the 'look' of estates to ensure they are attractive places to live
- offering any day of the week lettings.

Learning from others

As part of their wider marketing strategy, **Cobalt Housing** decided to pilot advertising their void properties using the web-based platform Rightmove.

Many potential customers who were attracted via an advert online were not aware that the SRS was an available option to them. This supported the anecdotal view held by many that social housing was only accessible to people in receipt of state benefits; or that they may have to wait several years for rehousing.

Once a potential customer was identified from the website, their application then was processed similarly to that of one applying direct through the housing register. Not all applicants were found to qualify as having housing need, so were not accepted.

Only a limited number of properties are advertised using this method and usually only after all other mechanisms such as advertising on their choice based lettings scheme and housing register shortlists have been exhausted.

Since Cobalt started using Rightmove in September 2013, they have advertised a total of 47 properties. To date they have received a total of 1,044 telephone enquiries and 340 email enquiries in respect of these adverts. Of the 47 adverts, 42 properties (89 per cent) have been successfully allocated. Of those properties allocated, 59 per cent of new tenants were in receipt of full or partial state benefits and 41 per cent were in full waged employment.

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Working with a choice based lettings scheme

If you are experiencing difficulty in letting some of your properties, it is likely that other landlords in the area are facing similar challenges. The solution to increasing demand may be found in more co-ordinated partnership working within your region or across a local choice based lettings (CBL) scheme. There may be scope to share good practice between partners, or to promote hard to let properties to applicants from other housing providers to increase demand.

It is important that CBL managers are responsive to the needs of partner organisations, and take a flexible approach to supporting landlords with their hard to let properties while continuing to meet local housing need.

You may want to consider using a national, as well as a regional CBL scheme to increase demand for hard to let properties. Some providers in the North of England have been able to let their homes to applicants who had applied from accommodation in London and the South East using a national scheme. A property that is immediately available, which suits the needs of household can be an attractive offer to an applicant on a long waiting list in another area of the country.

Another way individual organisations can increase the effectiveness of their CBL scheme is to assist applicants to bid for properties. This can include moving tenants on to automatic bidding in the CBL scheme as soon as their application is accepted on to the register, with tenants having to 'opt out' rather than 'opt in' to auto bid.

Providers can also increase the amount of bidding through the CBL scheme by reminding applicants to bid for properties, using text messages, email and telephone. It may be the case that some applicants have misunderstood the CBL process, for example they may think their priority is too low to

qualify for housing, or that they have to wait for a certain period before they 'reach the front of the queue'.

Reviewing your nominations agreements

Some private registered providers (PRP) have found that nomination agreements with their local authorities are too restrictive, and are preventing them from making better use of their stock.

A number of PRPs have negotiated their nomination agreements with their local authorities to between 25-50 per cent of lets in order to use those nominations to meet specific housing need in their stock, or to use in a separate CBL scheme. Increasing the proportion of nominations that can be made by the individual providers facilitates greater internal flexibility, allowing providers to have more control of their lettings, and reduce the time that properties spend empty. Providing a degree of autonomy to providers can strengthen regional CBL schemes by alleviating some of the challenges of using the scheme, for example sluggish processes and extended void times.

Reviewing your allocations policy

It may be the case that in order to increase demand in your stock it is necessary for your organisation to make changes to your approach to allocations. Changes that you might want to consider are:

- reviewing the restrictions on bedrooms to increase flexibility for households that can afford it, for example allowing families an extra bedroom to 'grow into'
- removing or lowering age restrictions for certain properties, for example lowering the qualifying age for housing designated for older people from 65 to 55
- reducing the restrictions on 'local connection' qualifying criteria, for example accepting households that live or work within a wider radius of your location
- allowing home owners who may have some equity to qualify for housing, for example people eligible for older persons accommodation
- reducing the qualification criteria for households willing to accept a hard to let property
- opening up your scheme to certain groups of people such as applicants without dependants who are sharing accommodation with others.

Exploring different tenancy options

If properties that are harder to let are considered to be unsuitable for children or young families, you may want to consider creating new households that could occupy those properties. For example, two bed maisonettes or larger flats could be let to adult siblings on a joint tenancy as way of relieving overcrowding in their family property. Friends, or professional sharers may also wish to take a joint tenancy in a property.

By altering the composition of the households, from two single person applications with one-bed need each, to a joint application with two-bed need, the applicants would be housed sooner into available stock than if they remained on the waiting list waiting for one-bed accommodation. You might want to consider offering these joint tenancies on a fixed term. This would provide a level of reassurance to the landlord that the situation will be reviewed after a certain period of time, and the property could be recovered and re-let if the circumstances had changed.

Offering fixed term joint tenancies in this way would also help social landlords to compete more effectively with the PRS, where joint tenancies between friends are more common, but tenancies typically are only offered for six months. Compared to a fixed term tenancy in the SRS which lasts five years, the SRS offers more security for tenants interested in sharing a home.

Reviewing your choice based lettings scheme

Some registered providers are reviewing their participation in their CBL scheme as it is no longer meeting their needs.

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If you have found that the CBL scheme that you are part of is no longer working effectively, you may want to consider joining another scheme or even leaving CBL altogether. The decision should be made based on factors such as stock size and composition, the demographic of your tenants and applicants, your geographical location and your capacity to manage a new system of allocations. It is a regulatory requirement (s 166A Housing Act 1996) that housing providers declare their approach to offering choice and preference in allocations, in their allocations scheme. However it is for housing providers to determine for themselves their policy on providing choice and expressing preference.

Any decision to leave your CBL scheme must be measured and balanced and should take full account of any potential impact on tenants and future tenants.

Learning from others

The **Wrekin Housing Trust** has recently set up their own system of allocations for their customers to replace their CBL scheme known as Choose Your Home. Under the old CBL scheme, there were 15,000 applicants bidding for only 800 available properties per year. The lack of available homes was leading to false expectations for applicants and unnecessary administrative expense for the provider.

The Wrekin Housing Trust has developed a new scheme to counter these challenges and drastically reduce the number of applicants on their waiting list. The scheme is still based on the principals of letting affordable homes to those in need.

Using historic lettings data, the Trust was able to identify which properties become available regularly, and hold separate waiting lists for those properties. They divide the waiting list up into types of property, and areas of preference, and call each one a 'pool'. Once the pool is full (i.e. they have enough people on the list to satisfy at least the next three months of vacancies - this could be as little as five or six people), the list is closed.

Only people in the pool see the available vacancies and get to choose if they wish to apply for that particular property. When an applicant or multiple applicants are housed out of the pool, the list is opened through the website, and once an eligible applicant fills the vacant place in the pool, it is closed again. The Trust monitors the pool to make sure people in there are bidding for properties, if not they will be removed and advised to re-apply when they are ready to start bidding.

The properties that are not frequently let are dealt with outside of the pool system. They are identified as 'featured' homes and advertised directly on the website where applicants can register their interest in them.

Alongside the lettings process, the Trust supports applicants and helps to get them 'tenant ready'. The housing officer that is going to manage the tenancy will carry out a risk assessment for each applicant to check whether it is affordable and ensure that appropriate support is in place.

The prospective tenant understands the responsibilities of taking a tenancy. Tenants also receive tenancy sustainment training where they receive financial awareness support and energy advice so they get the best deal from their service providers, as well as help with accessing furniture if needed.

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Making changes to your stock

If a property, or a group of properties is particularly hard to let, because of its size or its location there may be no other option than restructure or remodel.

Particularly in older stock, and especially properties that were built before the 1980s, it may be necessary to regenerate the entire development, which might include re-modelling of neighbourhoods, replacement and renewal of existing buildings, enhancing security features, provision of community facilities (including outdoor space) and changing the physical layout of properties.

Learning from others

Spectrum Housing Group owned what was a traditional sheltered scheme 'Park Court' at Cowes on the Isle of Wight. This had been built in the 1970s and, typical of sheltered developments of the time, comprised 24 bedsits as well as 20 one bedroom flats. None of the 24 bedsits were provided with self contained bathrooms and residents had to share two communal bathrooms. Apart from not meeting the Decent Homes Standard, the accommodation was unpopular with residents and hard to let.

Following consultation with residents, a major refurbishment was undertaken in 2011 which saw the 24 bedsits re-configured into 15 one bedroom flats with one new bedsit (with its own bathroom). In addition, a number of the new flats were provided with wet rooms, and all properties met the Decent Homes Standard.

Alongside the remodelling of the bedsits, Spectrum also provided an amenity room, communal kitchen and structurally adapted the residents lounge to provide high quality communal space. The scheme is now very popular and the accommodation meets the expectations and needs of older customers.

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Final thoughts

Hard to lets have always been a challenge in housing management, but recent reforms to the welfare system, specifically the (social sector size criteria, have contributed to a new kind of hard to let property.

One upside of social sector size criteria is it has focused providers' attention on creating sustainable tenancies, helping tenants to manage their money and pay their rent, and making sure properties are let quickly, all in the effort to maintain their business and operations.

Given the housing shortage across the UK it may seem counter intuitive to find that some properties are hard to let, but times are changing, and providers are adapting by exploring new ways of advertising and letting their homes.

For more information about increasing demand for hard to let properties, and making the best use of your stock contact mbus@cih.org

Useful resources and information

Kettering Borough Council Open House

www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Kettering_Borough_Councils_open_house

Making Best Use of Stock (MBUS) Team

www.cih.org/mbus

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