

Research Findings

Exploring affordability: what can housing associations do to better support their tenants?

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This document summarises findings from research with housing association tenants examining affordability within household budgets and exploring ways in which housing associations or other organisations could provide further support. A full report is available at www.crsp.ac.uk/publications. The research was completed before Covid-19 hit the UK, however themes identified in the study – the importance of home, pressure on incomes and digital exclusion – are potentially even more pertinent in the current climate.

Background

Over recent years austerity, unstable employment and cuts in social security benefits combined with rising living costs have squeezed household budgets and created a more insecure environment for many people living on low incomes. Where budgets are under strain people can struggle to keep up with rent or bills, have no leeway to save or deal with unexpected costs, and due to constraints can end up spending more on essential goods and services or using expensive forms of credit.

Lack of affordable housing with greater reliance on the more expensive private rented sector makes social housing of huge importance to low income households. However, with demand vastly outstripping supply, those moving into social housing are likely to be in greatest need and can be in difficult circumstances. Housing associations are a major provider of social housing and their role can extend beyond the provision of housing, to include services such as money advice, employment support and digital skills. A challenge is balancing the provision and need for such services with the pressures associated with welfare reform and gaps in local provision.

The research was commissioned by Futures Housing Group, a social housing provider in the East Midlands and conducted by the Centre for Research in Social Policy, an independent research centre.

Research aims and method

The core element of the study comprised a series of interviews and group discussions with housing association tenants and staff. These explored:

- Affordability across different areas of tenants' household budgets to identify where costs lie and needs are difficult to meet or compromised.
 - Potential areas of savings for households, where budgets could go further and what could help.
 - Tenants' experiences and awareness of current (housing association and other) services.
 - Potential ways in which housing associations or other organisations could more effectively support households to afford their housing and other costs.
 - Tenants' views about these suggestions, how they might work and what difference they might make.
- The research also included an evidence review of effective practice by UK housing providers and data analysis of housing costs and household incomes.

Key Findings

The context matters

The broader economic characteristics of a region have an impact on the ability of households, in general, to meet both their essential housing and non-housing needs. In the East Midlands, relatively low average incomes mean that households are more likely to struggle to make ends meet compared to some other regions, despite relatively low rents. Even in social housing, many working families are unlikely to meet an income level required for a socially acceptable standard of living, with the situation worse for out of work households, and those in the private rented sector.

Moving in – providing a ‘home’ and support to access essential items

Housing association tenants can face substantial financial outlay when moving into a property. Participants in this research had often moved in with limited finances, sometimes in difficult situations and rarely had an opportunity to plan or save. Key needs and costs included flooring, decorating or ‘putting right’ a property and acquiring white goods and furniture. Not having the budget to cover these sometimes significant costs could mean using expensive credit, accruing debt, borrowing and accepting help from family or others and going without, for example a cooker or carpets. People spoke of the discomfort, practical difficulties and embarrassment or upset of not having a decent home – it could get them down and put them off inviting people around. Support in obtaining these ‘essentials’ in an affordable way has the potential to make a significant difference to the finances and well-being of new tenants, and was seen as a priority for most participants.

- A key idea was the suggestion of a ‘minimum home standard’ for housing association properties, to include carpets/flooring and a reasonable standard of decoration for new tenancies – *‘so that you will have painted walls and some kind of flooring ... somewhere that is clean and liveable’*. This would support tenants in making their house a home more quickly and easily, as well as reducing the likelihood of accruing debt, reliance on others, reducing heating costs, easing stress, and enabling social participation.
- Support for tenants needing essential white goods and furniture could include:
 - Recycling via a systematic way of passing on or ‘gifting’ items from outgoing to incoming tenants. As well as the financial benefit this was seen as convenient, could help set up a home more quickly and avoid waste where items might otherwise be dumped. If extended to recycling and redistributing unwanted items such schemes could also help existing tenants.
 - Information and signposting to local organisations providing second hand items.
 - The provision of new or reconditioned goods via the housing association or a partner organisation. This could spread costs for tenants, but there were concerns regarding managing repayments and the consequences of not doing so.
- Comprehensive support during the moving process could help ascertain tenant needs, provide relevant information and signposting and would help to establish a relationship between tenant and housing association.

Managing large costs and times of pressure - signposting to financial support

Large or unexpected financial outlays, alongside times of particularly high costs (such as Christmas) can exert significant pressure on households who have limited savings or little flexibility in their budgets. At the same time, managing everyday costs can also be a challenge, with many tenants needing to prioritise their most immediate needs, such as feeding their children and paying bills, with no scope to budget for large, less regular outlays, for example if a washing machine or car breaks down. This can lead to the use of high cost credit which in turn costs more and reduces the money households have available, and if without transport can affect the ability to work.

- Housing associations could provide support for tenants through signposting to credit unions for lower cost loans and saving schemes, or with bespoke schemes to support saving, and help reduce and spread costs. Such support could potentially reduce repayment amounts, ease pressure on budgets, and lessen the need for family support, which some participants depended on in such scenarios.

Easing the pressure of energy and water costs

The cost of essential bills can account for a greater proportion of outgoings in low income households than for those with higher incomes and they are also at risk of a 'poverty premium', as they end up paying more for basic services. Some participants had switched to better deals, but others found the process too daunting or didn't trust other providers. Those with oil heating faced particularly high costs and limited options. For many tenants, trying to keep costs down meant restricting their use of energy which can have implications for living standards – participants described wrapping up in blankets or boiling a kettle rather than use the heating or hot water. If tenants live in energy inefficient properties or they cannot afford carpets and are living with concrete floors or floorboards, this can also affect energy efficiency.

- Housing associations could provide support to tenants to access better value energy tariffs and help with switching, signpost people to schemes for low income households (for energy and water), and provide specific information and support for tenants with oil heating.
- The idea of offering regular energy efficiency checks (alongside annual gas safety checks) was proposed, including advice and information about best use of heating and boiler systems.
- More directly, housing associations could have an impact on energy efficiency by, for example, replacing old windows and inefficient heating systems.

Supporting digital inclusion

Digital inclusion relates to having the confidence and digital skills, as well as having the equipment or broadband needed to access and participate in the digital world. This matters for affordability because digitally included tenants may have more control over budgeting, through instant access to online banking and financial services, can manage home energy accounts online often avoiding the poverty premium, and are better able to find and access 'deals' across a range of areas of household spending. Some participants would have liked to keep track of rent payments but could not do this online. Access to the digital world also has the potential to help tenants with finding employment or training opportunities. While most participants used smartphones, not all had a computer or laptop. This could mean going to a library for some tasks (difficult in rural areas), and children staying longer at school or visiting a relative to do homework.

- Housing associations could provide advice and support with digital skills and/or signpost to organisations who can provide this.
- Recycling old IT equipment and making this available to tenants could help those unable to afford it – especially for those doing college courses and families with school age children but no computer.
- Building bespoke housing association apps would enable tenants to have greater control over their rent payments, access support and advice more quickly, report repairs easily and could have a positive impact on the relationship between housing provider and tenant. The idea of an app was well received by tenants including those who did not see themselves as 'tech savvy'.

Money and employment support

Tenants were very supportive of the housing association continuing to provide both money advice and support for tenants seeking employment or training. Money advice for tenants could help to ease budgets, which in turn can potentially help tenants avoid getting into debt or rent arrears. The timing of this advice and support was seen as critical. Money advice is most beneficial *before* people hit a 'crisis point', while employment support also has to be delivered at the 'right time', taking account of a myriad of other factors that are affecting peoples' lives. While the housing association already provides these services, they are only of use if tenants are aware of, and clear about, what is on offer and how to access it – and there was limited knowledge among participants in particular around employment support.

- Housing associations need to raise tenant awareness of these services. This means not just informing tenants that a service exists, but making it clear what it entails and importantly how it can help.

The value of clear, effective and relevant communication and tenant relationships

Clear communication between housing associations and their tenants is important for building and maintaining the relationship between them. This research found that communication is not always as effective as it could be, and that information sharing could be developed and improved. Communication

about what is available – whether through the housing association or external organisations – needs to do more than tell tenants that certain services exist. Tenants need clear information about what the service involves and how it can help. A proactive approach to get relevant information to tenants on a regular basis, so that they have it to hand might encourage people to make more timely contact.

Establishing and maintaining a good relationship between tenants and the housing association is crucial for many of the ideas proposed in this report. This can be more difficult to establish and challenging to maintain where the housing association is based some distance away from its tenants and they feel there is a lack of local presence. Tenants' past experiences of and encounters with housing providers can also affect their views – positively and negatively – of the housing association both as a provider of housing and as a source of a broader range of services.

- Housing associations require a range of methods of communication to meet the differing needs and preferences of tenants – these could include email, post, bespoke apps, and importantly the opportunity for face to face personalised support.
- Developing and expanding the role of a local housing officer could provide a local contact, and if tenants had an established relationship they may be more likely to contact the housing association through the housing officer if they were struggling.

Conclusions

This research, grounded in the views and experiences of tenants, sets out some of the ways in which the role of 'housing provider' could be enhanced to better support tenants with costs that exert pressures on constrained budgets, and can result in problems paying rent and affording other essentials.

There was broad support among participants for the ideas outlined here. A key priority for participants was the need for more support at the start of a tenancy when costs are potentially very high, to help furnish, carpet and decorate a property. The importance of an affordable *home*, rather than simply an empty property, was repeatedly emphasised and something that could help tenants financially and in terms of their well-being. If some of the broader services allow tenants to move towards having incomes that enable them not to have to go without for example, basic groceries or taking children out, they could make a real difference to their lives, in the short and the long term.

Suggested ways of supporting tenants covered in this research relate both to current services and practices, and areas that are new to the housing association. Some would involve an indirect role, for example, signposting to external support services. However, in other instances housing associations could potentially have a more integral role – such as enabling tenants to set up a home – with implications for staff time and resource. There is a challenge for housing associations in delivering good-quality, low-cost housing, *and* a range of other allied services. The 'social mission' of housing associations is a key one, providing benefit to tenants' living standards and local communities, but this has to be balanced against the provision of housing or in light of this research, homes. Many of the challenges faced by tenants relate directly or indirectly to low income, irrespective of the source of income. Ultimately the extent of difference this enhanced role for housing associations will make depends on if it is accompanied by local, regional and national policy change aimed at improving the incomes and living standards of low-income households.

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