

Social housing and employment: Problem or solution?

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Tackling London's child poverty challenge
London Zoo, 10 October 2007



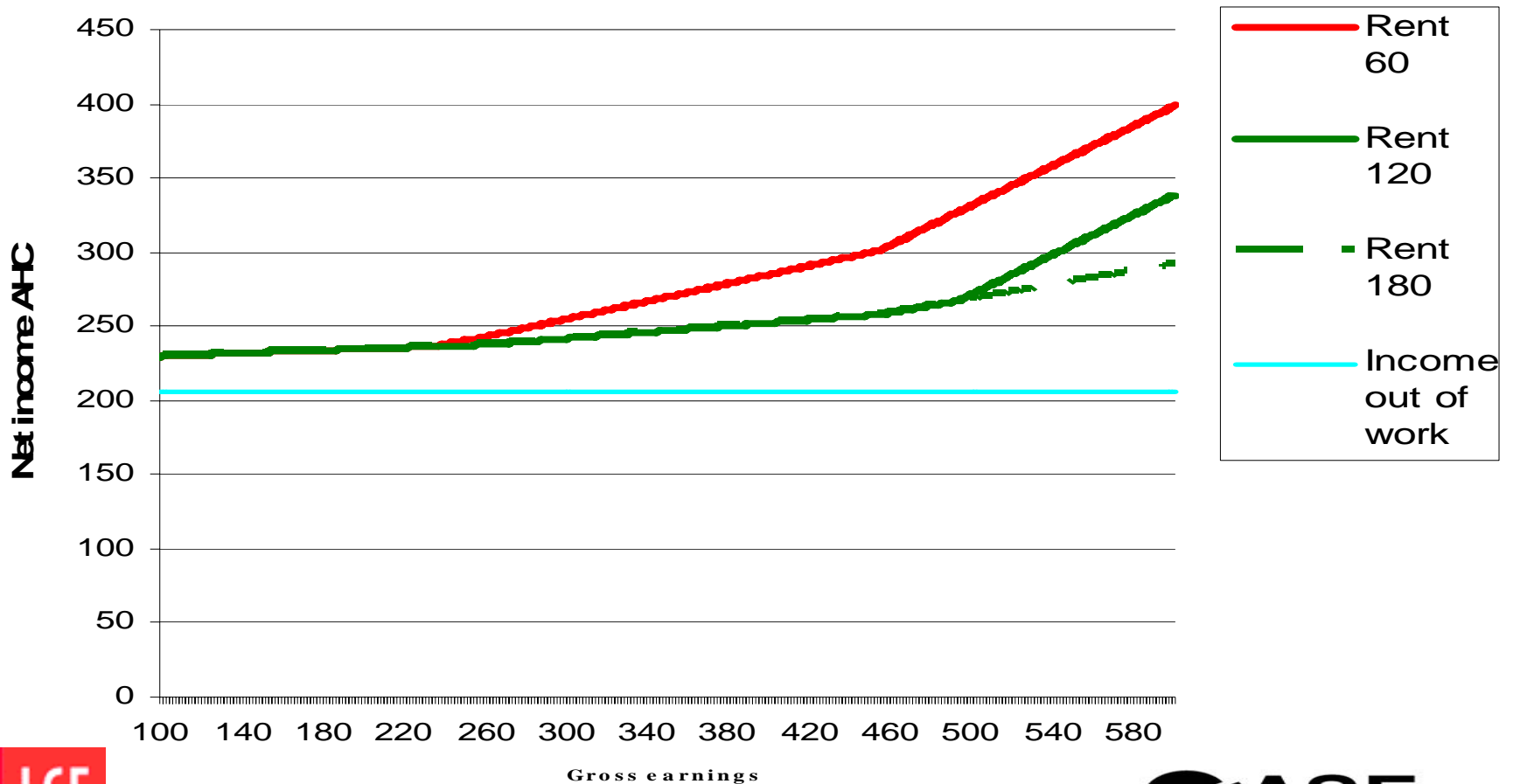
Platform or trap?

How housing can be a platform:

- Security
- Stake in neighbourhood
- Support from housing providers or those linked to them
- Incentives through reduced rent and less deep poverty trap

Sub-market rents mean that the returns to working are greater

Couple with two children: Net and gross incomes (£/week)



But social housing can be a trap:

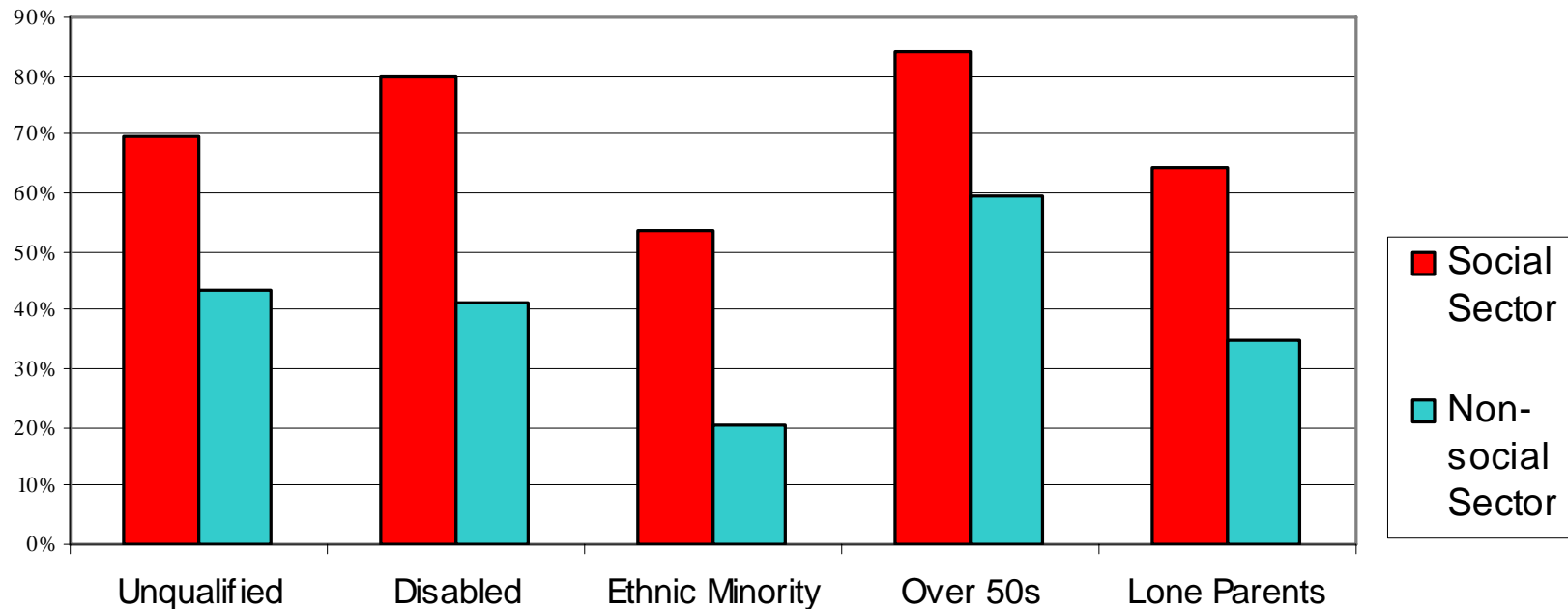
- Disincentives from high rents and Housing Benefit if entry is via temporary accommodation, especially in London
- Prove “need” to get access
- Location
- Lack of ability to “move on” without “moving out”
- Lack of ability to move for employment reasons

The rate of job-related mobility within social housing is very low

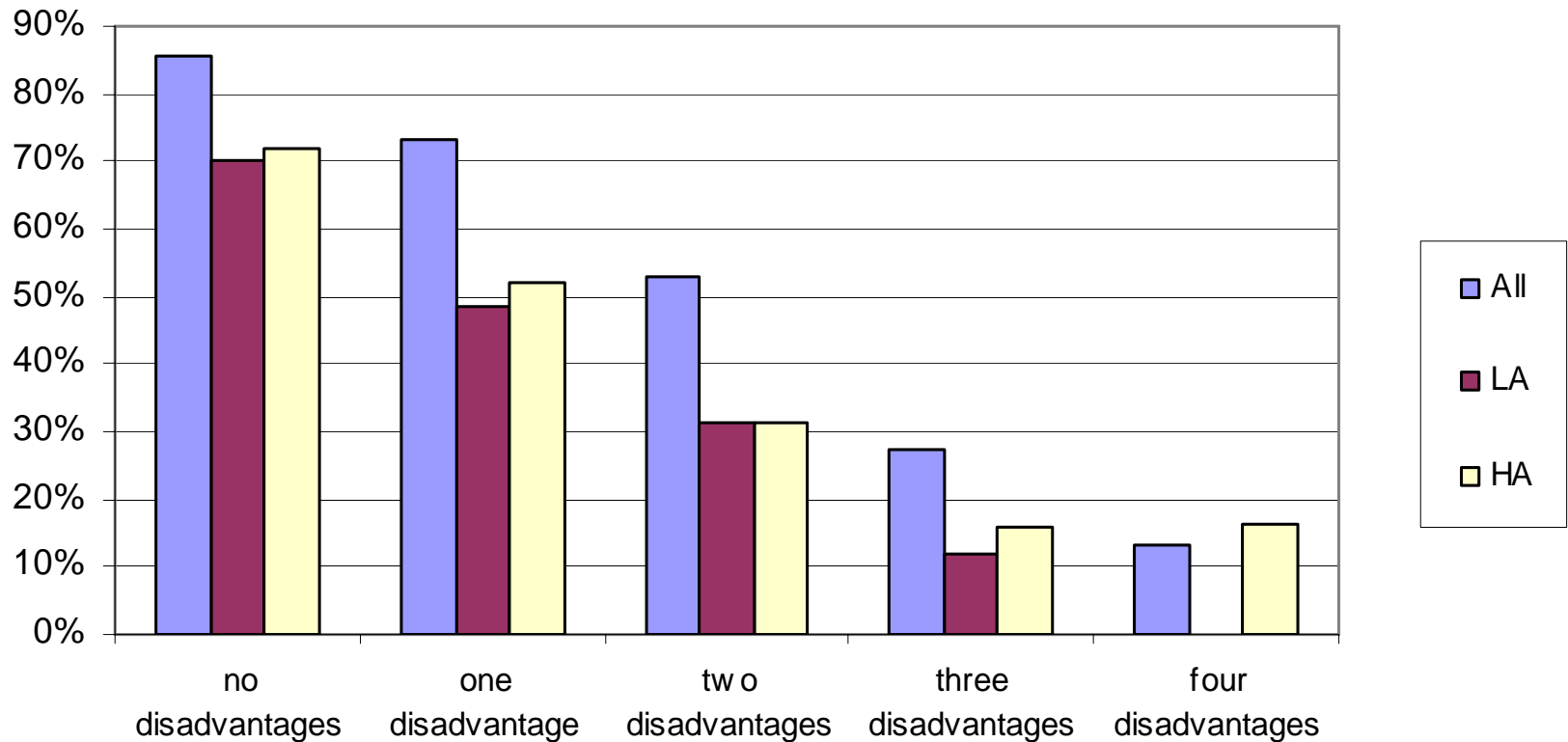
- Nationally, one in eight moves is associated with job-related reasons
- Within social housing, just 3% of moves in 2005-06 (even within the same area) were job-related – just a few thousand each year out of nearly 4 million tenants
- Moving between areas is very difficult without giving up the advantage of a social tenancy – with a net present value conservatively estimated at over £60,000 in London
- And moving within areas within social housing increasingly difficult as the sector's ability to take in new tenants has diminished since 2000 and “needs” criteria increasingly dominate even transfer requests

Worklessness in social housing is high, even given labour market disadvantages

Worklessness by PSA group, Spring 2006



...and fewer social tenants are in work for any given number of disadvantages



Long-term outcomes also look worrying?

For those born in 1970, growing up in social housing (allowing for many other background and childhood circumstances) is associated with 12 out of 33 unfavourable outcomes at age 30:

- 1.9-2.1 times higher chance of ending up with no qualifications
- 1.5-1.7 times higher chance of low earnings
- 1.9-2.2 times higher chance of being unemployed

What does this mean for tackling poverty in London?

- More than two-thirds – 68 per cent – of children living in social housing in London are in poverty (below 60 per cent of median income after housing costs)
- The pressures are all greater: house prices, private rents, levels of need, over-crowding, difficulties in moving. Those who make it into social housing will face greater problems in the labour market, and fewer options for mobility
- But so are the opportunities: both for employment and for social landlords to make more imaginative use of assets

If we're not getting the pay-off we would hope for, can we do better?

- Supporting a wider mix in *existing* areas dominated by social housing, not just new ones
- Options that allow people to change their relationship with their landlord if their circumstances improve, but support for people whose circumstances do not
- Case for HB changing less often
- Prolonged periods in temporary accommodation paid via HB are very unhelpful for work agenda
- Large amounts are spent on residents, but not creating local jobs: not just construction, but other local services
- Ways of allowing more transfers for job-related reasons
- Stop thinking of work and housing separately: what leads to housing need often has its roots in the lack of a livelihood. Can housing and employment agencies work better together?