

Meeting Customers Needs From Design To Management.

Professor Alan Murie

Director, Centre for Urban and Regional Studies
University of Birmingham
United Kingdom

Perhaps the most consistent feature of the housing sector, of housing demand, supply, housing need and responses to housing is continuous change. Actions taken in the past to respond to housing problems and to meet housing needs will not provide permanent solutions. They will need to be revisited and reviewed some years later. This paper reflects upon the changing nature of housing need and supply, drawing particularly upon the experience of the social rented sector and particularly on the experience of the United Kingdom. The British Social Rented sector is one of the oldest in the world and some of the problems which have come to face it may well be experienced by other countries at later stages. This is certainly true in so far as those problems are associated with an ageing of the stock of housing and a change in the profile of tenants. It may be appropriate to draw from the British experience and that of other countries that there is a lifecycle effect within the housing system. This has a number of different stages.

This paper outlines the changes in the profile of customers and in the key tasks for housing providers at different stages in a lifecycle of housing development. It refers to early mature and late phases in the lifecycle to highlight differences in customers needs.

Lifecycle Changes

Accounts of the development of state intervention in housing provision in different countries suggest that similar factors have been involved. The process of industrialisation and urbanisation generated a range of demands which the market is unable to respond to effectively. Attempts to encourage market and voluntary provision may follow but they are inadequate to deal with the scale of migration and the problems of overcrowding and health risks associated with urbanisation. As a result more active intervention in the provision of housing by the state emerges. In the United Kingdom and in many other countries this involved a stage of direct provision by government bodies - in Britain by local authorities. The needs which were being catered for were those of people in extremely poor quality housing or with no housing at all. New migrants to cities had relatively low incomes and the inadequacy of housing supply left them in overcrowded and slum accommodation. The standards of new building provided by the state were demonstrably better than those which households currently lived in and those which were available in the private sector elsewhere. State provided housing was much more effective in meeting the needs of those households seeking housing than the private sector and what was available in the state sector was newly built and of much better quality than available elsewhere.

In most countries this first development dominated phase of building is quite lengthy. The state or social rented sector is characterised by high quality new accommodation. It is in striking contrast to what is available in other tenures which is predominantly older and of much lower quality. However there is an inevitability that as time passes so the earliest housing in the social rented sector ceases to be characterised by its newness and becomes identified as being older and perhaps obsolete in some respects. We move into a middle phase in the lifecycle of the provision of social housing, a middle stage in which management and maintenance of the housing stock becomes much more important. At this point the British experience is much more mixed. The culture of management was dominated by the environment of shortage which still applied. Although some social rented housing was no longer so attractive, there was still a high demand for it because of the general shortage of good quality accommodation. Consequently management and maintenance did not place an enormous emphasis upon customers' needs and their definitions of what were satisfactory. The approach was dominated by professional views as to what was best in housing.

If we wish to be critical about the record of social housing agencies - and I am thinking particularly of those in Britain - it may be in this phase that we would identify a failure to sufficiently engage with changing needs. Because of continuing high demand it was possible to ignore the limitations of what was being provided and to have relatively limited management and maintenance responses. However, partly because the attractiveness of the product in the social rented sector was changing, and partly because what was becoming available elsewhere was increasingly attractive, the seeds of later problems were being sewn. In Britain the comparisons between the social rented sector were increasingly with a growing owner occupied sector, consisting of newly built and modern housing with different rights. The relative attractiveness of social rented housing was declining. Even if the social rented sector had been well resourced in this period and management and maintenance had been excellent, the emergence of high quality alternatives to it would have affected the demand for the sector. In practice what happened in Britain is that the alternatives to social housing became increasingly attractive. At the same time, social housing itself began to decline. There is the start of a downward spiral process involved in this. As the

alternative to social rented housing became more attractive so those people with more choice chose not move to or stay in the social rented sector. There is the commencement of what has later been identified as a residualisation of the social rented sector. This involved the differential movement away from that sector by higher income groups and those in better employment, leaving behind an older lower income and welfare dependent population in the social rented sector. This in turn damages the image of the social rented sector and further influences the decisions of households with choice about whether to move to that sector or not. The implications of this are that in the middle phase of the lifecycle of the social rented housing in Britain the early wide and broad based appeal of the sector began to be eroded and a narrower social base began to develop.

In my view we are now in a late phase in the lifecycle of social rented housing in Britain. Again, there are some features of this late phase which would not necessarily be experienced by other countries. The late phase in Britain is associated with a very low level of new development or construction of new housing. This means that the tenure is increasingly associated with older dwellings and those requiring substantial expenditure on maintenance and improvement. It would be possible to postpone old age by continuing to build new social housing. However there is a tendency in many countries to begin to reduce the amount of new building once problems of deteriorating stock emerge and when the private sector is willing and able to carry a major role in new building. Consequently it may be a more common feature within social rented sectors and not just one attributable to Britain.

In the British case the social rented sector at the end of the millennium is strikingly different from that of 50 years earlier. It is not characterised by new high quality housing with a wide appeal to wide sections of population. Rather it is a declining older tenure with high levels of obsolescence and a narrow social base. Three particular strategies seem to be used in this older age stage of the lifecycle of social rented housing.

- The first is associated with privatisation. In the British case privatisation was driven by a political agenda associated with the expansion of owner occupation. However, in some other countries and notably in some Eastern European countries, the privatisation process has been associated with the transfer of the burden of maintenance and improvement to other agencies. The very low priced sale of properties with high existing or future repair costs is seen as load shedding and as escaping from the consequences of the lifecycle effect within the sector. In the British case privatisation will, to some extent, have had the effect of load shedding. However because it is the most attractive and least problematic properties which sell at the highest rate, the residual housing remaining in the social rented sector has a higher average cost of repair and higher problems for the future. The net effect is not one of load shedding.
- The second alternative strategy is one about redevelopment and, in some of the social rented sector in Britain and elsewhere, significant programmes of demolition are taking place. However, because of the low relative appeal of the social rented sector and because of financial factors, this on the whole is not resulting in substantial amounts of replacement new building for social rental.
- The third alternative in this older stage of the social rented sector is one of reinventing the sector. In the British context the dominant role of the local authority in the provision of housing and the dependence on public finance to provide housing is not seen as workable in the future. Consequently we have major programmes of stock transfers to non-profit making landlords which are able to access private finance in a way that local authorities are not. Registered Social Landlords in the British context are increasingly important and the social rented sector in 20 years time is likely to be dominated by these landlords rather than state provision itself. However, what these landlords are taking over is largely a service targeted at a particular section of the population. Households able to exercise choice continue to express a preference for owner occupation and those households which will continue to live in the social rented sector are either likely to be those with very limited resources or those which are at later stages in their own family lifecycle and do not wish to move.

Changing Customers

The lifecycle model of social rented housing which has been presented above can then be linked with the changing profile of customers. In the early development stage priority in the allocation of properties was given to households in need. In the British context (and I think this is true in other countries) the priority is given to families with children. Consequently, the early stage of social rented housing were marked by estates with relatively uniform populations of young families with children. Because of the appeal of the sector and the alternatives available at the time, these were generally affluent employed households.

As we move through the lifecycle of the sector and as the alternatives available elsewhere become more attractive this profile has changed. At the same time the demographic and economic structure has changed. The population has aged and the proportion of households which consist of families with children has declined with an increasing number of childless single person and two person households, both in younger and older age groups. Higher unemployment and greater inequality in incomes also has differentiated the population to a greater extent than in the recent past. At the end of the millennium then, the population moving into or living in social rented

housing contrasts very sharply with that of the early phase. Young relatively affluent families with children are now a minority. The dominant groups are elderly persons and young persons on low incomes and outside employment. The population is both more diverse and less affluent. There is a much greater representation of people from ethnic minority groups who may have different needs and of people with health and disability problems which imply different kinds of support services and facilities within dwellings.

Changing Design and Management

In the early phase of the development of social rented housing the dominant role in meeting customers needs would appear to have been dependent upon the design of dwellings and the decisions of architects. As the title of this paper suggests the emphasis shifts through the lifecycle. The relative importance of newly built dwellings compared to older properties decreases. While the newly built dwellings should be designed to meet customers needs the emphasis within the housing sector as a whole is bound to shift to how to manage and maintain properties in a way which fits with the needs of customers. It is also true that most of the current arguments about design of new dwellings suggest approaches which are flexible which will design dwellings which are easily used by very different groups. Again the implication of this is that the key to an effective housing system is to be able to make the best use of properties, and be more flexible and adaptable in the use of properties, rather than one which designs specialist accommodation for different groups. In the British context the experience of sheltered housing is a useful one to reflect upon.

It is in this context that I think it is useful to reflect upon the current debate about changing demand in the United Kingdom and the implications of this debate for the management of the housing stock. Again I am going to refer to the social rented sector, although some of the problems exist across tenures and relate to neighbourhoods and property types which appear to be less attractive to newly forming households and more affluent households than was the case in the past.

Changing Demand and Demography

The situation in the United Kingdom at the end of the millennium is one in which we can observe a rising rate of voids and higher rates of turnover within the social rented sector. Some of this could reflect success in meeting quantitative needs and providing greater choice for households. Nevertheless it presents a challenge for managers and providers of housing. The explanation for the higher rates of voids and tenancy terminations involves a number of different factors. Many of them have been referred to above. They relate to the processes of obsolescence within the housing stock to demographic and social and economic change, to changes in relative reputation, changes in aspirations and the ability of people to exercise choice.

What I would like to draw out from this debate is a particular issue related to demographic structure because I think it has significance for all housing systems and merits consideration by all those interested in housing provision.

Policy changes, the impact of emergencies such as war and the effects of the economic cycle mean that there are striking cohort effects. Different cohorts of the population - say newly forming households entering the housing market in different periods of time - are faced with different sets of opportunities. Some cohorts are very heavily represented in certain tenures because properties were available for them in those tenures. Other cohorts are predominantly in different tenures. As these cohorts move through their lifecycle so they impose a different demographic structure upon different tenures and different neighbourhoods. In Britain the outcome of the changing appeal and pattern of development and privatisation in the social rented sector means that we have a very distorted demographic structure within that sector. This is best illustrated in relation to the age of heads of households. We have a disproportionate number of those very young and very old households in the social rented sector and the hollowing out of the middle age groups. The management of the sector then disproportionately relates to managing two groups of households:

- those younger households with problems associated with young children most often complicated by problems of low income and lack of employment; and
- those elderly households who have often been tenants for a very long time, increasingly have health and mobility problems and again have low incomes.

These groups require very different kinds of support and management regimes. Of course there are other variations. There are households in the middle aged group, there are those in employment, there are those from different ethnic minority communities and with different cultures and lifestyles. The task is to manage diversity and to manage households with considerably different problems. These are not issues that can be dealt with in the design of properties but are a task for management. There are tasks for management in the private sector just as much as in the public sector and the development of services for these same population groups exists where they live in the private sector. They are not about a narrow view of housing management related to lettings, rents,

tenants and properties but are about estates, neighbourhoods and communities. In Britain these wider regeneration activities have sometimes been referred to as housing plus.

Looking Ahead

Where does this debate take us in the future? Referring still largely to the example of the social rented sector the reality is one where we will have a diverse sector collecting for diverse needs and where it is the task of management, rather than design to adjust the product to suit the needs of people. We know that the ageing cohort of households in the social rented sector (and the same applies in some private sector neighbourhoods) will decline through death and household disillusion. We know that there is not a younger cohort following immediately behind. We could then anticipate that the characteristics of households in the social rented sector will shift dramatically back towards younger households. However they are not the young households that typified the first stage in the lifecycle of the sector. They are predominantly households which have little choice, they are not in employment and are not affluent. In many cases there will be single people rather than families with children. In most cases they will be looking for short term accommodation because the underlying preference is for owner occupation and they will seek to move on once their household and employment circumstances change sufficiently to give them a choice of housing.

The role of the social rented sector then will be to provide transitional and shorter term housing. There are a number of challenges in this. First of all how do you manage this transition? How do you avoid problems arising between the declining elderly population increasingly living alongside a much younger population with different expectations and lifestyles? Do we need such a large sector if it has this different social role? What kinds of services and management inputs will be needed if we are talking about a high turnover, transient population? Can we adopt policies which would achieve a better balance within the population by making the tenure more attractive to households in middle stages of the family lifecycle or households with greater affluence?

All of this implies a much greater emphasis on thinking through who the future users of particular parts of the housing system are, what kinds of services and support they need and what will encourage them to stay in the sector and establish stable communities which are both easy to manage and which are a better basis for economic and social development generally. These are going to be major challenges in Britain over the next few years and they will become challenges in other countries as well. There is a challenge to establish new management approaches. The existing culture is often based on rationing a scarce resource. The management approach needed in the future will be one much more related to households with choice and to managing diverse needs. One resulting emphasis is upon giving greater attention to marketing and by this I mean greater attention to understanding the nature and characteristics and preferences of users in the future, anticipating social change to identify what kinds of households will be seeking housing and what they will want and then beginning to adjust the product to suit those households. The adjustment of the product may involve some physical changes to design and the facilities within dwellings. However, much more fundamental will be rethinking what kinds of management and support services are going to be needed and appropriate for a changing population. In Britain and other countries the concern about unequal neighbourhoods and segregation increasingly means that rethinking management involves much more than housing management. It involves rethinking the provision, co-ordination and management of a range of services at local level. Housing managers' roles become wider: because they are providing advice and assistance across a wider range of services; because they become partners in broad based holistic strategies for neighbourhood regeneration; or because they are increasingly champions for tenants and residents. Housing schemes work because local communities are adequately resourced and have education, employment and other opportunities. Successful housing management then involves an active role in regeneration and neighbourhood renewal.

References

Bramley, G (1998) Housing Surpluses and Housing Need in S Lowe, S Spencer and P Keenan eds (1998) *Housing Abandonment in Britain* Centre for Housing Policy, University of York.

Cole I, S Cane and Robinson D, (1999) *Changing Demand, Changing Neighbourhoods: The Response of Social Landlords*, CRESR Sheffield Hallam University

Holmans A and Simpson M, 1999 *Low Demand Separating Fact from Fiction* Chartered Institute of Housing

Keenan, P (1998) Residential Mobility and Low Demand, A Case History from Newcastle in Lowe (1998)

Murie A, Nevin B and Leather P, (1998) *Changing Demand and Unpopular Housing*, The Housing Corporation Working Paper No. 4

Pawson, H (1998), The Growth of Residential Instability and Turnover in Lowe et al (1998)

Pawson, H (1998) Gravity Defied: Local Authority Lettings and Stock Turnover in the 1990s in Wilcox S Ed (1998) *Housing Finance Review 1998/99*, pages 48-36

Power A and Mumford K, (1999) *The Slow Death of Great Cities?* York Publishing Services Limited

Webster, D (1998) Employment Change Housing Abandonment and Sustainable Development: Structural Processes and Structural Issues in Lowe et al. (1998)

Simpson, M (1998) Low Demand in Housing in Lowe et al (1998)

Stringer, F (1998) Area Based Housing Management and Corporate Responses to Low Housing Demand in Lowe et al (1998)

© 1999 Alan Murie, United Kingdom

All rights reserved. No part of this paper may be reproduced, distributed, published, or transmitted without the prior permission of the copyright owner.