

# A New Deal for Social Housing – Consultation Response

## CHAPTER 1 – ENSURING HOMES ARE SAFE AND DECENT

### 1. **How can residents best be supported in this important role of working with landlords to ensure homes are safe?**

It is essential that landlords ensure the right culture is in place to hold conversations with residents and landlords must ensure that they listen to what residents are saying. Landlords should talk safety, not regulatory issues and standards. Landlords need to understand the views of residents in relation to safety, and they should seek to find out if they genuinely feel safe in their homes, and ask for any concerns. Feedback should be clear and address any concerns that are raised. Reassurance needs to be given in a clear way. Residents must include leaseholders. It is essential that legislation/ leases/ tenancy agreements are clear in terms of access and safety related issues.

A number of years ago in Derby we introduced Fire Safety Risk Assessments as a condition of tenancy for all new tenants. The tenants who contributed to this response told us (through consultation with our ALMO, Derby Homes) that this was valuable and suggested that more information on fire safety could be provided on line – or even issued when tenancies commence.

### 2. **Should new safety measures in the private rented sector also apply to social housing?**

Yes. We believe that measures which improve the overall safety of a home, or increase the perception of safety should be considered. We already install fire safety sprinklers in all new build and major refurbishment schemes and would call for retro-fit to be considered not just on building height but also on construction type or use/occupation making this a risk based approach.

### 3. **Are there changes to what constitutes a Decent Home that we should consider?**

We agree that the current investment standard should be extended to include safety, and wherever appropriate in terms of VFM environmental advancements should be taken into account. The levels of home insulation should be improved, regardless of heating system type.

The standard should be extended to consider the local environment. When considering any extension to the wider neighbourhood it needs to be clear that landlords alone cannot be responsible but would be expected to work in partnership to raise satisfaction with neighbourhoods. It would also be helpful to include definitions on the expectation.

### 4. **Do we need additional measures to make sure social homes are safe and decent?**

At the moment the decent homes standard is related to investment – consideration needs to be given as to how this can be expanded to include safety – in particular perceptions of what is safe. There also needs to be a better understanding of the risks associated with people and an end to looking at buildings in isolation.

Our tenants have been consulted on the Green Paper and, in relation to this issue, we have been told that “in reality even when a fire alarm goes off most people tend to want to evacuate even when there is a stay put policy, the natural reaction is to go outside to see what is happening”. In flats many landlords tend to rely on the use of noticeboards to communicate with their residents, and our tenants have told us that “information posted on notice boards within common rooms or in communal areas is of limited in terms of who will see it and who won’t”, Our residents have suggested that we need to ensure there are regular flat inspections (currently bi-monthly), there needs to be better information on safety, including do’s and don’ts at sign up for new tenants and swift enforcement when residents fail to comply with requirements. Our tenants have also suggested that landlords should issue a ‘Living Safely’ handbook to all tenants.

To make a real difference it is essential that there is adequate funding, both property related and for the provision of tenancy support services.

We need to tackle the emerging skills shortage in the construction industry by training more apprentices and we need to focus on safety and understand the limitations of rules and regulations.

All organisations need to understand the advancements in technology which can improve safety/service delivery.

## **CHAPTER 2 – EFFECTIVE RESOLUTION OF COMPLAINTS**

### **5. Are there ways of strengthening the mediation opportunities available for landlords and residents to resolve disputes locally?**

Mediation can prove effective in resolving many low level disputes; examples include neighbour disputes, inter-generational perceptions of what constitutes nuisance/ASB etc. Mediation needs to be effective both in terms of cost, timeliness and outcome – it is also important that landlords do not see mediation as a tool to avoid their responsibilities.

### **6. Should we reduce the eight week waiting period to four weeks, or should we remove the requirement for the ‘democratic filter’ stage altogether?**

The current waiting period seems excessive and consideration should be given to reducing this, consideration needs to be given to how demand will be managed and complainants must be able to demonstrate that they have first tried to resolve complaints through their landlord’s processes. Complete removal of the filter would be likely to result in higher referrals to the service.

Current resources seem unable to cope with the current levels of demand.

**7. What can we do to ensure that the 'designated persons' are better able to promote local resolutions?**

It would be helpful if there were examples of good practise which could be shared to demonstrate where the designated persons have achieved positive outcomes. The current arrangement does not always seem independent.

**8. How can we ensure that residents understand how best to escalate a complaint and seek redress?**

Landlords should ensure that their complaints policies are customer friendly – making a complaint should not be a difficult process. The policy should be accessible – in a number of formats. The culture within the organisation should be open to hearing feedback and not feel the need to respond in a defence manner. Policies should also include clear guidelines on redress and compensation if appropriate.

When we discussed this with our tenants (through our ALMO, Derby Homes) they told us that they thought complaints could be prevented in the first place by landlords have more effective communication with residents before changing something, or introducing new things. They felt that communication could be on-line and if this was done then fewer complaints might be received. Residents would also feel more valued as the landlord had taken the time to communicate to them in advance.

**9. How can we ensure that residents can access the right advice and support when making a complaint?**

The opportunities for residents to access independent impartial advice are reduced due to the reduction in funding for third sector organisations. Previously residents may have received support from CAB or Housing Aid – however these services are not now easily accessible in many areas.

Landlords should give consideration to resourcing Complaints Officers/ Customer Experience Officers who are empowered to support residents who have made complaints. These officers need the support of senior managers to act effectively in this role. Alternatively, where practicable, landlords may wish to support services through existing tenants' groups/associations to act as support/advocates for residents who require this support.

**10. How can we best ensure that landlords' processes for dealing with complaints are fast and effective?**

Timescales need to be clear within the policy so that residents understand how their complaints will be handled. Landlords should ensure that they maintain regular communication with a complainant if the complaint is complex and will require additional time.

Reporting against performance indicators for timeliness/satisfaction with how complaint was handled and outcome will give an indication of how a landlord is performing.

Our tenants told us that officers needed to ensure that they spoke in 'layman's' terms and avoid technical speak or jargon which can come across as patronising.

**11. How can we best ensure safety concerns are handled swiftly and effectively within the existing redress framework?**

Landlords should recognise that a safe home is a right that all tenants are entitled to enjoy. Local authorities/Housing Organisations must be accountable and need to ensure that there are appropriate internal controls. Residents should have a means of escalating concerns outside of the organisation if their concerns are not heard/responded to appropriately.

**CHAPTER 3 – Empowering residents and strengthening the regulator**

**12. Do the proposed key performance indicators cover the right areas? Are there any other areas that should be covered?**

Repairs, safety, complaints, customer engagement and neighbourhood management seem appropriate but the measures need to be outcome based as opposed to process based. We feel that there should also be some ability for local interpretation so that tenants can determine what is important to them in their local area. Verification needs to be robust.

Consideration should also be given to VFM as we believe that tenants are interested in ensuring wise use of income deriving from rents.

**13. Should landlords report performance against these key performance indicators every year?**

Yes – any competent provider will have more measures outside of these and will monitor them on a more regular basis.

**14. Should landlords report performance against these key indicators to the Regulator?**

Yes, we already publish information relating to gender pay and invoice payments etc. It therefore seems logical to report on these indicators and it also fits with the Open Government/FOIA agenda.

**15. What more can be done to encourage landlords to be more transparent with their residents?**

There is already a legal requirement for landlords to publish annual performance information to tenants. There is already information available –

but is it accessible and easy to understand? Again, this links back to the culture within organisations and developing the right relationships with residents to build an effective communication model which is open and transparent.

In Derby, our ALMO, Derby Homes undertakes a large scale door step survey where they meet large numbers of our customers. Our tenants told us that they value this and feel that it is a visible and transparent presence.

**16. Do you think there should be a better way of reporting the outcomes of landlord's complaint handling? How can this be made as clear and accessible as possible for residents?**

Derby Homes, already publishes quarterly information on complaints to their Operational Board (which comprises of a resident majority), this information is not only statistical but also gives details of lessons learnt and makes recommendations for change, based on the learning. Where possible landlords should involve tenants in the examination of trends in relation to complaints and look for areas of improvement. The Operational Board has the authority to refer matters to the Main Board if there are significant areas of concern.

Information needs on complaints could be reported more widely and consideration should be given to this. Mandatory reporting of complaints may be something that is considered.

**17. Is the Regulator best placed to prepare key performance indicators in consultation with residents and landlords?**

There needs to be a lead body and best efforts should be made to ensure consistency of collection. This is, and will remain a contention amongst many if landlords do not feel that there is consistency in the method data is collected. This is an existing issue at the present time, but difficult to see how it can be completely overcome.

**18. What would be the best approach to publishing key performance indicators that would allow residents to make the most effective comparisons of performance?**

It will be hard to find an approach that everyone is happy with. There will be a need to ensure that the chosen method delivers a true and meaningful outcome but also that it is not too onerous for either the landlord or the Regulator to produce. There is a place for league tables but this can ignore the context of local issues, deprivation etc and therefore does not always give a true picture.

We believe that there needs to be some regional context and also comparison between organisations of similar size and nature.

We need to be careful in terms of the 'size of the monster' this can potentially create and should not be looking to reduce resident facing services to create new performance/business teams to manage this process.

19. **Should we introduce a new criterion to the Affordable Homes Programme that reflects residents' experience of their landlord? What other ways could we incentivise best practise and deter the worst, including for those providers that do not use Government funding to build?**

This approach brings a risk that housing need will be ignored and, if funding cannot be accessed, residents will suffer twice due to the poor performance of their landlord. Low performance levels and/or low levels of satisfaction should highlight the need for interventions to improve the experience for residents.

20. **Are current resident engagement and scrutiny measures effective? What more can be done to make residents aware of existing ways to engage with landlords and influence how services are delivered?**

Current measures are effective but they could be improved; there is the potential to introduce web based 'compulsory open consultation' similar to publishing of contracts on contract finder. The likely issue is that where feedback shows low satisfaction from residents, landlords need to examine this and be encouraged to do more.

21. **Is there a need for stronger representation for residents at a national level? If so, how should this best be achieved?**

Residents are keen to see this happen. Resources need to be able to support such a body which would benefit from local, regional devolved responsibility.

22. **Would there be interest in a programme to promote the transfer of local authority housing, particularly to community based housing associations? What would be needed to make it work?**

This should be a consideration, but not a focussed programme to promote transfer of LA housing. A focus should be on what is working and what is not working. The majority of residents are not concerned who the provider is; they are more concerned with the level and quality of services. The priority should be to work with residents and landlords where services need to be improved, holding local authorities to account for poor performance and considering options for transfer at that time if appropriate.

There are already many different types of landlord/management organisations – further diversity could lead to more challenges in service standards and in particular difficulties managing demand through conflicting allocations policies. We need to understand that there can be unintended consequences of greater diversification.

23. **Could a programme of trailblazers help to develop and promote options for greater resident-led leadership within the sector?**

Yes. However many such programmes benefit from additional funding, expertise and support which is not ongoing when rolled out. Our experience is that the expectations on community based/resident led organisations are simply

too high for them to sustain. The good intentions and ambition is often lost due to the scale of expectation and responsibility, (much of which falls on volunteers).

**24. Are Tenant Management Organisations delivering positive outcomes for residents and landlords? Are current processes for setting up and disbanding Tenant Management Organisations suitable? Do they achieve the right balance between residents' control and local accountability?**

The grounds to set up and disband Tenant Management Organisations are clear and suitable.

There will be examples of both positive and negative performance – as there will be with all providers.

The key is the relationship between the organisation and the landlord with whom there will be a legal management agreement. The landlord, usually a Local Authority cannot relinquish its legal duties and must ensure that there are fit and proper arrangements in place for the monitoring of performance and development of positive relationships to deliver wider corporate priorities which benefit residents.

**25. Are there any other innovative ways of giving social housing residents' greater choice and control over the services they receive from landlords?**

ALMO's are an excellent example of how this can be achieved. The governance structure enables resident empowerment at all levels. When combined with a positive relationship between residents, the ALMO and Local Authority parent body there is an effective model already in place which gives social housing residents the greater choice and control that is being sought.

Effective resident/tenant scrutiny is already in place within many ALMO's and examples of good practise and influence can be evidenced.

**26. Do you think there are benefits to models that support residents to take on some of their own services? If so, what is needed to make this work?**

The real question should be, is there evidence that shows residents want to take on some of their own services, and if so on what scale? If the answer is yes to this question, then resources will be required to ensure early capacity building/funding and evaluation. At the present time there are few examples to support the view that services are improved through tenant run arrangements.

We believe that the focus should be on holding landlords to account for poor performance and tenant routes to redress if the organisation is failing, then one of the routes could be options which support tenant run services.

**27. How can landlords ensure residents have more choice over contractor services, whilst retaining oversight of quality and value for money?**

Leaseholders already have the ability, Section 20 allows them to nominate a contractor, then the process ensures they are competent and have necessary insurances/capacity etc. Something similar to Section 20 could be used for tenants as well as leaseholders – many responsible landlords already involve residents in procurement processes as good practise.

**28. What more could we do to help the leaseholders of a social housing landlord?**

Following Grenfell there are natural concerns about the high costs of remedial work and the service charges that will be made on this work.

A further issue is around the need to distinguish between a leaseholder in the natural sense or a private landlord subletting, personally or as a business. Leaseholders who sublet need a level of accountability as do sub-tenants. There is a case that leaseholders that sublet should be subject to more stringent controls as experience suggests that there are greater management issues and access issues with sub-tenants.

**29 Does the Regulator have the right objective on consumer regulation? Should any of the consumer standards change to ensure that landlords provide a better service for residents in line with the new key performance indicators proposed, and if so how?**

Consumer regulation objective, is:

- to support the provision of social housing that is well-managed and of appropriate quality;
- to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection;
- to ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account; and,
- to encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated

The Regulator has published four outcome-based consumer standards to deliver the consumer regulation objective. These are:

- **The Tenant Involvement and Empowerment Standard (July 2017)** which includes a requirement for landlords to provide choices and effective communication of information for tenants on the delivery of all standards, and to have a clear, simple and accessible complaints procedure;
- **The Home Standard (April 2012)** which requires homes to be safe, decent and kept in a good state of repair;
- **The Tenancy Standard (April 2012)** which requires registered providers to let their home in a fair, transparent and efficient way, and enable tenants to



gain access to opportunities to exchange their tenancy; and,

- **The Neighbourhood and Community Standard** (April 2012) which requires registered providers to keep the neighbourhood and communal areas associated with the homes that they own clean and safe; help promote social, environmental and economic well-being in areas where they own homes and work in partnership with others to tackle anti-social behaviour in neighbourhoods where they own homes.

The current approach is correct. Well managed homes of appropriate quality, safe, decent homes in a good state of repair, tenant involvement in to hold landlords to account and asking providers of social housing to contribute to the environmental, social and economic well-being of the areas are reasonable exceptions. There will be areas where the standards will be improved by updating, but essentially they cover the right things.

**30. Should the Regulator be given powers to produce other documents, such as a Code of Practise, to provide further clarity about what is expected from the consumer standards?**

There are arguments for and against. Greater clarity would remove argument on what is expected of providers; too much detail will stifle innovation and can detract from local service priorities. There needs to be a careful balance of effective regulation and over-regulation.

**31 Is 'serious detriment' the appropriate threshold for intervention by the Regulator for a breach of consumer standards? If not, what would be an appropriate threshold for intervention?**

The term 'serious detriment' is not defined in the Housing & Regeneration Act 2008 or the Localism Act – on the flip side, the definition could lead to legal challenge or the regulator being seen as fettering its direction. The HCA states serious detriment as 'the risk of, or actual serious harm.' In reality the threshold is only used in gas safety breaches. The limited use of the powers by the Regulator at the present time leads to no meaningful baseline of expected powers. If there is to be a focus on improving safety then the threshold has to be clear and landlords and the regulator understand and use sanctions/remedies.

**32. Should the Regulator adopt a more proactive approach to regulation of consumer standards? Should the Regulator use key performance indicators and phased interventions as means to identify and tackle poor performance against these consumer standards? How should this be targeted?**

Yes, for sector accountability and openness, however, we would not support a burden with regulation for the sake of regulation. There could be a light touch for smaller organisations. KPI's should be prioritised and can be used to identify poor performance, following which powers could be introduced, such as

asking for more information before using wider enforcement powers.

**33. Should the Regulator have greater ability to scrutinise the performance and arrangements of local authority landlords? If so what measures would be appropriate?**

Yes, the desired outcome is achieving improvements in the way that social housing is managed, so regulation should be on an equal footing both in terms of requirements and accountability. The performance of local authorities that directly manage stock can be subject to the same key performance indicators.

**34. Are the existing enforcement measures set out adequate? If not, what additional enforcement powers should be considered?**

It is felt that the powers are adequate, but at the moment it is the lack of use of these powers (where appropriate) that is a weakness.

**35. Is the current framework for local authorities to hold management organisations such as Tenant Management Organisations and Arm's Length Management Organisations to account sufficiently robust? If not, what more is needed to provide effective oversight of these organisations?**

Yes, the current framework is sufficiently robust if used correctly and appropriately. Derby Homes/Derby City Council has an excellent framework in place to ensure effective working between the ALMO and the council.

The key to the framework is the management agreement and the two parties having robust but sensible arrangements in place to hold the ALMO accountable. The governance framework ensures the Local Authority has strategic influence at Board Level (for their ALMO, Derby Homes), working equally alongside independent and tenant board members. The Housing Portfolio holder also attends in a non-voting capacity at Board Meetings. The ALMO contributes to the delivery of the Local Authority's corporate priorities and the Managing Director works directly alongside the Councils Strategic Director for Communities and Place. Performance information from the ALMO is reported into the Local Authority with key measures being included on the Council Scorecard.

Effective understanding of the arrangements and joint accountability for outcomes is in place with mechanisms which highlight performance trends (both positive and negative) feeding into the Local Authority scrutiny processes.

**36. What further steps, if any, should Government take to make the Regulator more accountable to Parliament?**

Despite a wide range of powers, the HCA do not use many; any Regulator should be held to account for the use/non-use of statutory powers.

## **CHAPTER 4 – Tackling stigma and celebrating thriving communities**

### **37 How could we support or deliver a best neighbourhood competition?**

Promoting the positive is always important but there is concern that delivering a 'best neighbourhood' competition or similar, could be superficial or miss the point entirely if not done carefully.

Publicising and promoting innovation, achievement and best practise alongside identifying 'best neighbourhoods' would deliver more for others to learn from and aspire to.

Many existing bodies and organisations already promote such categories in annual awards events and wider publicity of the winners could be helpful.

Our tenants were keen to say that social housing is only 'part' of a community – they suggested more support is needed for local residents associations to embrace the community spirit.

### **38. As well as sharing positive stories what more could be done to tackle stigma?**

The starting point is to ensure the right culture exists across the industry, and also in the partner organisations we work with. Residents of social housing have a right to be treated like valuable members of our communities and spoken to with respect and listened to when they engage with their landlords.

There are emerging conflicting views on the role of Social Housing – we need to examine whether or not there really is a choice for those who access social housing. More needs to be done to be clearer about what social housing is and what it isn't. How do we ensure balanced and sustainable communities exist for the future – the current situation is that social housing is providing a safety net for the most vulnerable – and this residualisation leads to stigma. At the same time, the Homelessness Reductions Act directs tenants towards the Private Rented Sector.

We need to encourage pride back into council housing and this could be considered through housing allocations policies and enable us to work towards better communities which tackle the issue of stigmatisation.

### **39. What is needed to further encourage the professionalisation of housing management to ensure all staff deliver a good quality of service?**

This needs to be led from the top and will rely on clear direction and expectations. Organisations need to ensure they have a customer focussed culture embedded at all levels. There needs to be resources identified for training and internal development of employees, effective action to tackle poor and unacceptable performance, celebrate innovation, going the extra mile. There may be opportunities for regional and national regulator led recognition.

**40. What key performance indicator should be used to measure whether landlords are providing good neighbourhood management.**

At Derby Homes our ALMO, this already exists within 'STAR' surveys – Overall satisfaction with neighbourhood. Delivery of good neighbourhood management relies on an effective multi-agency response. It needs to be recognised that housing organisations have a role to play but not on their own. Public sector savings have reduced many neighbourhood services. It would not be appropriate to judge a landlord in isolation from the agencies who should be contributing to improving neighbourhoods.

**41. What evidence is there of the impact of the important role that many landlords are playing beyond their key responsibilities. Should landlords report on the social value they deliver?**

Yes, but the requirement should be outcome focussed rather than relying on prescribed methodology for measuring social value investments.

**42. How are landlords working with local partners to tackle-anti-social behaviour? What key performance indicator could be used to measure this work?**

Examples of measures already exist. Satisfaction indicators are outcome focussed. Lower level management indicators are based on numbers, trends, geographic information and timeliness.

Our tenants felt that it is a positive that social housing tenants have somewhere to go if they are suffering from nuisance behaviour or anti-social behaviour, private sector tenants and owner occupiers do not have the same level of service. They felt that a tenure wide service would be more effective, they also supported enforcement actions. Some tenants felt that issues of ASB and nuisance were down to a lack of family values and the upbringing of some young people.

**43. What other ways can planning guidance support good design in the social sector?**

Landlords/developers should be encouraged to have early conversations with the local community which can feed into the planning process and support the planners to bring forward good design.

The tenants that contributed to this response felt that few would want to actually get involved unless a development proposal was particularly contentious or was 'in their back yard'.

**44. How can we encourage social housing residents to be involved in the planning and design of new developments?**

This needs to be through early engagement and in using methods of

engagement that reach social housing residents. Landlords can help with the communication mechanism. As with all engagement, it has to be meaningful and allow sufficient time for residents to feel that their input is valued and making a difference to the process.

## **CHAPTER 5 – Expanding supply and supporting home ownership**

### **45. Recognising the need for fiscal responsibility, this Green Paper seeks views on whether the Government's current arrangement strike the right balance between providing grant funding for housing associations and Housing Revenue Account borrowing for local authorities.**

If the Government wants a drive for more of all forms of social housing then it must encourage all providers to invest. To do that, each part of the sector must have a financially viable and sustainable framework, especially for rents but also for borrowing, to invest for the long term.

As part of that framework, grant funding is clearly preferable to borrowing permission; the latter has to be repaid with interest, so the two forms of funding are not equivalent as implied by the question. Borrowing does of course need to be part of the mix of funding in order to deliver the greatest overall outcome, but borrowing has to be sustainable from the net rent receivable. The balance needs to be reflective of the local situation at the time of the investment by responsible councils and RPs dependent on their overall business plan.

Local authorities are not treated fairly in the current arrangements. They face unfunded RTB discounts while the Voluntary RTB is fully funded by central government. In addition, a considerable proportion of the remaining receipts is then taken by the Treasury.

### **46 How can we boost community-led housing and overcome the barriers communities experience to developing new community owned homes?**

There is a need for a partnership model in this area to provide resilience for the longer term. While community groups are generally reflective of the local community at the time of an initiative, there can be issues with the sustainability of groups in the longer term.

As an example, in 2012/13 our ALMO, Derby Homes partnered with the Osmaston Community Association of Residents (OSCAR), Derby City Council and the Homes and Communities Agency to deliver what at the time was thought to be the largest Community owned project in the country. They spent a year attempting to get OSCAR to Registered Provider status but in the end used Derby Homes (as an RP in their own right) to hold the properties. This model has worked well and delivered 95 homes of which 40 are for affordable rent including a few fully adapted properties. The partnership with Derby Homes has proven to be resilient as OSCAR has recently (August 2018) folded. Some community groups can have sustainability problems if key individuals move on

and need the backing of an established RP, and we would suggest that this model partnership is used where the group is not long established.

**47 What level of additional affordable housing, over existing investment plans, could be delivered by social housing providers if they were given longer term certainty over funding?**

Recently, the government has announced that the HRA borrowing cap will be scrapped. This is very much welcomed, as raising the cap, could result in a substantial increase in the supply of housing, allowing local authorities to determine the level of additional housing needed in their area.

Solely lifting the HRA debt cap in line with inflation would deliver around 20% more social housing stock in Derby. Similar results are likely elsewhere.

Funding arrangements could be improved for Council Housing in three key ways:

- lifting the borrowing cap on the HRA which currently constrains development ambitions,
- allowing housing to be treated as infrastructure for PWLB purposes, and
- setting a long term framework for rents.

**HRA Borrowing cap –**

Lifting the cap would increase the amount of council housing that can be delivered where the remaining environment (especially Right to Buy discount levels, rent levels and land availability) is set out for the longer term in a suitable framework of rules. This modelling suggests that lifting the cap by inflation only (ie, keeping the cap steady in real terms rather than a cash figure which in effect reduces the cap each year by inflation in real terms) would allow Derby to provide around 2,000 more homes than with the current rules. This would be around **20% more homes after 30 years compared to the current projections**. Even this is not really sufficient as it would hold overall stock numbers at around the same level as now, rather than see them decline. Adjusting the scale of Right to Buy discounts to a more sustainable level would have a similar impact without any cash investment, if the right balance can be found between the discount and the net receipt to make full replacement possible across the country. Savills' report earlier this year supported just such a proposal. Combining the two measures would allow even more overall delivery.

**Housing as infrastructure**

Housing (and social and affordable housing in particular) is key infrastructure for a locality, but is not recognised as such for borrowing purposes within the PWLB arrangements. Infrastructure projects receive a 0.2% further discount for Council borrowing, reducing the PWLB margin to around 0.6% above gilts. Treating housing as infrastructure could reduce the cost of borrowing, which in some developments can make the difference to viability. Restoring the pre 2012 position of a margin of only 0.25% would help all forms of local capital

investment.

### **Long term rent plans**

In 2012, the HRA debt settlement was on the basis of RPI plus 0.5% (plus convergence) for 30 years – which increased the level of debt imposed on local authorities at the time. This changed to CPI plus 1% (a real terms reduction) for 10 years in 2014. The 2015 announcement of rent cuts of 1% a year for 4 years undermined not only all business plans (resulting in a reduction in new home delivery) but also confidence in the framework for the longer term. The announcement of the new 5 year rent framework of CPI plus 5% was therefore rightly welcomed as an improvement, but this remains at a level around 13% lower than might otherwise have been expected. This reduced the level of funds available for further investment.

‘Capital Economics’ report for the LGA (Spring 2018) shows that the CPI plus 1% arrangement appears to strike the right balance (CPI plus 1.5% in London) between ability to invest and restraint on benefit costs. Extending the official policy for as long as possible into the future therefore would increase confidence and business plans could then be adjusted in a positive direction, with a view to more delivery of new homes.

A long term framework for rents would impact on the scale of future funding and allow more investment earlier and in a more sustained way over the years.

## **48 How can we best support providers to develop new shared ownership products that enable people to build up more equity in their homes?**

It is increasingly widely accepted that the current RTB system is not sustainable in the longer term and a replacement is required that is more financially prudent.

It may be possible to develop a new route to home ownership working with RPs and councils. Shared Ownership in its current model is not a very attractive model for many in middle and lower value areas in particular as the gap between renting and buying is not as great as in the South East. There would need to be a new approach taken if ownership is to be extended in this way. We think that this might be possible by means of a ‘help to buy ISA’ type approach, whereby tenants and government contribute to a pot of savings that can be applied to a purchase of any property in future. A smaller discount than the RTB would then be applied to make it financially sustainable. We think that this is possible but would need some considerable discussion on details. Such an approach would sustain a route to ownership without excessive subsidy through the public purse.

Our tenants felt that shared ownership is needed by a new generation of young people who are now unable to get onto the home ownership ladder in any other way. There would need to be a careful look at costs and service charges and they questioned how Help to Buy would work with the SO option.

