

SHELTER'S BIG CONVERSATION

THE FUTURE OF SOCIAL HOUSING

ZACCHAEUS 2000 TRUST RESPONSE TO CALL FOR EVIDENCE

The Zacchaeus 2000 Trust (Z2K) is a London-based anti-poverty charity supporting vulnerable debtors and others affected by the Government's cuts to Social Security benefits. In this work we have found ourselves increasingly helping those who have fallen into rent arrears and faced eviction and homelessness, including the tenants of both local authorities and housing associations. We also see an increasing number of social tenants whose homes are left in disrepair for excessive periods. While such problems have existed to a greater or lesser degree since the inception of social housing, they seem to be getting worse again since the erosion of the regulatory regime post-2010 and the routes tenants have to challenge such poor service are much-diminished.

Review

1. How would you define social housing?

Social housing ought to be good quality, genuinely affordable rented housing provided with secure or assured tenancies and responsible landlord management. However, in Z2K's experience, this is not always the reality for many social housing tenants.

2. Over the years there have been many key decisions made for social housing. From your perspective, which of these have been good or bad?

Standards

The decision in 1997 to focus initially on tackling the historic underinvestment in maintaining council (and social) housing was a reasonable one. However, after the very positive initial release of capital receipts from Right to Buy sales frozen under the previous Government, it was implemented very badly. The insistence on transferring council estates to housing associations was based on an ideological opposition to council housing and HM Treasury's insistence that any additional investment had to be done off its balance sheet. The introduction of an option for direct investment to Arms-Length Management Organisations was belated recognition of this misguided policy. However, it came too late to stop a wave of ill-judged stock transfers in which the rights of tenants (and leaseholders) were inadequately protected.

Right to Buy

While the Right to Buy has been a life-changing boon to many tenants who exercised it, it has been disastrous for the next generation of families in housing need and exceptionally poor value for money for the taxpayer. Only once the maximum discount was lowered to £38,000 and then £16,000 following Shelter's campaigning in the early 2000s, was it on anywhere like a sustainable footing. There is an argument that the value of the discount in London compared the house prices had become too low by 2010. However, increasing it to £100,000 again was another disaster and the promise of like-for-like replacement has proved utterly hollow. Z2K believes that the discount under the Right to Buy should reflect the 5-10 per cent deposit typically required of those purchasing a property on the open market.

Supply/Investment

Over the past 30 years, the only periods during which anywhere near enough public subsidy was invested in new social housing were 1994-96 and 2008-2010. The first of these periods followed the housing market crash and was essentially a policy designed to enable housing associations to buy up properties becoming available cheaply on the open market. The second followed an intense lobbying campaign by Shelter, the National Housing Association and the Chartered Institute. Even in these periods, however, the money invested wasn't enough to ensure that sufficient social homes were built and acquired to meet newly-arising need.

The two-thirds cut in funding for the Homes & Communities Agency's budget for new housing in June 2010 was disastrous. Incremental steps to increase investment since then have been inadequate too. The annual level of investment probably needs to be around three times what it is currently. While this seems a big demand, it is worth remembering the amount of public expenditure on new social housing is barely 10 per cent of that spent on Housing Benefit – an increasing amount of which goes to private landlords.

Security of Tenure

Z2K believes tenants need proper security of tenure, both to feel settled in their home and to ensure they are empowered to challenge poor service by their social landlord. In practice, that means secure or assured tenancies. The introduction of Fixed Term Tenancies in the social rented sector has fundamentally undermined that security, and can only be viewed as an erosion of tenants' rights. We hope Shelter's commission will call for a return to secure/assured tenancies on all new social housing and for those FTTs agreed over the past five years to be converted into one or other of those tenancies as well.

Regulation

In 2010, the regulatory regime for social housing was swept away in Eric Pickles' and Grant Shapps' "bonfire of the quangos" immediately after the General Election. Housing associations were to be self-governing, with the previous inspection and assessment regime replaced by a light-touch back-stop at a regulatory committee of the HCA. This has proved to be utterly ineffective. While the horrific fire at Grenfell Tower illustrates just how unresponsive some social landlords have become, Z2K has also noticed an increasingly unhelpful attitude by some of London's larger housing associations towards both repairs issues and rent arrears.

3. What are the advantages and disadvantages of the current model of social housing?

The advantage of the model of social housing that was predominant until 2010 was that it provided good quality and genuinely affordable homes to low-income households of the standard that middle- and higher-earners can obtain through home ownership. For young families, the importance of settled accommodation in which to raise their children is well-understood. For older people the comfort and familiarity of a council or housing association they have lived in for decades is incalculable.

Until recently, the only disadvantage of social housing was that there wasn't enough of it. That shortage is still the over-riding problem, but it is also true that the quality of basic housing management service provided by some housing associations has deteriorated significantly as the regulatory regime has been eroded. Z2K is aware that a growing number of tenants seem to be suffering poor repairs services, for which neither their landlord nor the regulatory regime supposed to hold them to account are taking responsibility.

4. Does social housing need rebranding? In name, in concept, or both?

No. Z2K believes that what is needed is greater investment in new social housing and tougher sanctions on social landlords to ensure tenants do have to endure poor management services.

5. What vision and role should social housing have in future?

Social housing should continue to play the role it has done since its inception in the late-Victorian era – housing those who cannot afford decent housing on the open market.

Allocations

6. What is the role of social housing? Who is it for?

Social housing is for those who can't afford to buy or rent on the open market in their area.

7. Who is currently receiving social housing?

Debates on social housing inevitably focus on those who are becoming tenants or are trying to access it. However, it is important to remember the four million households who are already tenants of either local authorities or housing associations. Despite everything that has happened since 1979, this represents 18 per cent of British households. From what we see, most of those who successfully bid for social housing in London at the moment are either in medical need, statutorily homeless and therefore in priority need or overcrowded.

8. Is this the best use of stock?

Most of the time. A minority of social tenants will see their financial circumstances improve to the extent that they can buy or rent on the open market, but Z2K believes that allowing social landlords to end someone's tenancy if they earn above average incomes would be counter-productive, both to those households themselves and social cohesion. This was evidenced by the *Hills Review* a decade ago. Z2K believes that both this group and older tenants who are under-occupying a social home, should be offered incentives to relinquish their tenancy or downsize, rather than forced out. For this to work, suitable alternative properties must be available in their local area.

We also oppose the Bedroom Tax on the Housing Benefit entitlement of under-occupiers, many of whom are disabled or unwell. We note that the pressures on Discretionary Housing Payment (DHP) budgets are now such that an increasing number of tenants in this position who did get a DHP previously are being forced to make up the shortfall themselves. Shockingly, we also still see tenants hit by the Bedroom Tax who have never been told they can apply for a DHP.

9. What are the challenges to the way in which social housing is allocated?

The desperate shortage of social housing requires some form of rationing. We broadly agree with the way that is done in most places at the moment. However, we do not agree that being in employment at the time you apply for social housing should result in additional priority over homeless or overcrowded households (or even others who do not enjoy "reasonable preference" in the allocation system. Many authorities also use periods of five years or more for the "local connection" rule, which we consider excessive.

10. What could be done to improve access to social housing?

Build more of it and prohibit “gatekeeping” homeless families from their right to it.

Affordability

11. What groups of people are most in need of new affordable housing (to rent or buy)?

Affordable rented housing should be focussed on those who are in genuine housing need i.e. homeless, overcrowded or unable to rent/buy privately in their area. Intermediate or Low Cost Home Ownership products should be focussed on those already in social housing as this will free up a home for a family in need. At the moment, far too much public money in London is being spent meeting the housing aspirations of middle-income earners, for example through shared ownership that is accessible to those earning up to £80,000 a year and Help to Buy.

12. From your service/organisation perspective, what groups of people experience barriers when accessing or sustaining social housing?

In Z2K’s experience, far too many homeless families are denied their rights under the Homeless Persons Act 1977 and the Homelessness Act 2002. The central London boroughs we operate in are amongst the worst for mis-applying the homelessness prevention approach encouraged by the 2002 Act, particularly by “gatekeeping”. In practice, this takes the form of administrative and bureaucratic obstacles, or applicants being found to be “intentionally homeless” if they lost their home because of rent arrears even where those arrears were as a result of Housing Benefit caps. Increasingly, as a result of the 2011 Localism Act, we find applicants being told there is no point pursuing a formal application as any duty will simply be discharged through the offer of a private sector tenancy after a prolonged period in bed and breakfast. While there are still clearly some authorities who do things the right way, we hear similar stories from other agencies and housing lawyers across London. We hope the new Homelessness Reduction Act, which came into effect in April will improve the situation for single homeless people.

More generally, while Z2K will always argue that statutorily homeless (and overcrowded) households must continue to be prioritised in the allocation of social housing, we do not agree that it should be for these families and vulnerable single people alone. An over-emphasis on the needs-based approach clearly has implications for wider community cohesion, as well as the housing opportunities of other individuals. As a result, we believe that anyone should be allowed to join an authority’s Common Housing Register. We also believe that, subject to the number of homeless households in temporary accommodation and those in overcrowded conditions, a small quota of social lettings should be available to those not deemed to have “reasonable preference”.

13. What needs to be done to ensure social housing is affordable to rent or buy?

Both council and housing association rents were broadly affordable to rent up until 2010. It was only after the introduction of the “Affordable Rent” policy following the two-thirds cut in the Homes & Communities Agency’s Affordable Homes Programme (NAHP) in 2010 that “social” homes started to be built at unaffordable rents of up to 80 per cent of market rents. As a London-based charity, we regularly see families whose only hope of a settled home is social housing and yet the two- and

three-bedroom homes they are being encouraged to bid for are around £250 or £275 a week respectively. In some cases, there are significant additional services charges of between £25-50 a week as well. We do not believe that homes at such prices should be classified as social housing.

In the past 12 months, there have been some encouraging signs of movement against the Government's ill-judged Affordable Rent policy. Firstly, the Mayor of London has decided that his new London Affordable Rent model will be based on traditional social rent i.e. between 30-40 per cent of market rents. Secondly, one of London's biggest housing associations, Peabody has voluntarily decided to bring its existing Affordable Rent homes built over the past eight years into line with the London Affordable Rent level. A small number of existing tenants may see a small increase in their rents, but the vast majority will see a significant reduction. We hope London's other housing associations will follow Peabody's excellent lead.

Level of supply need

14. How many genuinely affordable homes are needed?

Research carried out for Shelter and the National Housing Federation a decade ago suggested that something approaching 90,000 new affordable homes (including Low Cost Home Ownership) would be needed each year to meet newly-arising need and tackle the backlog of homeless and overcrowded families. Even following the significant increase in investment in 2007, the supply of new social housing failed to come close to that target and rocketing market rents have priced so many more people out of renting privately, so we agree with Crisis that the figure required for social housing alone is probably in the region of 100,000 a year for at least the next 10-15 years.

15. What range of agents and actors, such as private developers should be contributing to the delivery of affordable homes?

Z2K believes that central and local government and the housing association movement are the key actors in the delivery of affordable homes. However, we also agree that others, including private developers and land owners should be required to make a contribution, through the planning system i.e. section 106 agreements and tax system respectively.

16. What measures could be taken to boost investment to increase the level of supply?

Z2K believes the fundamental cause of the shortage of social housing is the under-investment since the 1980s. Unless public subsidy is brought up to the level required to deliver 100,000 new social homes a year, the shortage will continue to get worse. Apart from direct investment from central Government, local authorities should be allowed to borrow against the value of their Housing Revenue Account (HRA), instead of having this restricted by HM Treasury's cap. The Chancellor's announcement last November that authorities in "high need" can bid to expand the borrowing headroom for their HRA up to a total of £1 billion extra is far too restrictive and inflexible.

At the same time, the Right to Buy council housing must be put back on a properly sustainable footing i.e. one-for-one, like-for-like replacement. This should be done through a reduction in the maximum discount and an extension of the qualifying period and discount repayment period.

17. High land prices make it expensive to build social housing. How can land costs be reduced and how can we increase the availability of land for social housing?

Z2K believes that the requirement for a proportion of homes built to be affordable, subject to the “financial viability” of the development is an utterly discredited policy. Over the past decade, allowing the inflated prices paid for land to be factored into the Financial Viability Assessments (FVAs) has been used by developers to evade their responsibility to contribute meaningful levels of genuinely affordable housing. Even boroughs that try to challenge this practice frequently find themselves losing at the Planning Inspectorate. National planning policy must urgently be amended to ensure the proportion of affordable housing in every development is set as a minimum and not subject to financial viability. This would help drive down the inflated costs of land.

Conditions and Design

18. Are conditions in social housing adequate? What progress has been made in improving conditions in recent years?

As explained above, Z2K acknowledges that the requirement to bring all council and housing association properties up to the Decent Homes Standard was a positive one. Broadly, this requirement was met by most social landlords and most seem to be taking their responsibility to maintain their homes at that standard too. We had hoped that the Government would extend the programme by establishing a Decent Neighbourhood Standard too, requiring improvements to the external block and estate environment.

That proposal wasn't taken forward, but in one of the few positives since 2010, the centralised Housing Revenue Account (HRA) subsidy regime was ended and council housing on a locally self-financing basis. Inevitably, this was not funded as generously as it might have been, but it has at least enabled local housing authorities to develop a proper business plan for borrowing the investment needed to maintain their stock in future.

19. What needs to be done to secure decent conditions in existing and new social housing stock?

Z2K believes that the Government should look again at the benefits of introducing a Decent Neighbourhood Standard to improve the physical environment of estates, particularly larger ones. At the same time, the horrific tragedy at Grenfell Tower has raised urgent questions about fire safety within the hundreds of tower blocks built in the post-War era. Clearly, external works like cladding which have undermined the original “compartmentalisation” of fires within flats, must be urgently reversed or significantly mitigated. However, that is just a start. The initial flurry of fire safety improvement activity by most social landlords has dropped off since the start of 2018. All the actions required to bring the Fire Risk Assessment (FRA) rating of blocks like Grenfell Tower down to the lowest level need to be implemented urgently. Z2K also supports the retrospective installation of sprinklers in all tower blocks. Central Government should contribute to the costs of this work.

Z2K also supports Karen Buck's Homes Fit for Human Habitation Bill, which is still winding its way through Parliament. While the legislation is principally aimed about poor quality private housing, its scope includes the 250,000 social rented homes that the English Housing Survey estimates contain Category 1 hazards as defined by the Housing Health & Safety Rating System (HHSRS) that

are not being rectified by social landlords. We hope the Government's very welcome support for this Bill will ensure it reaches the Statute Book.

Governance & Tenant Involvement

20. What can we do to combat the stigmatisation of social housing tenants?

Z2K believes the supposed stigmatisation of social housing tenants is somewhat overstated. It is true that some politicians and parts of the media look down on those living in social housing in the same way they look down on those who are in receipt of Social Security benefits (or even tax credits). It is also true that some TV programmes in recent years have reinforced existing prejudices. However, we feel these are directed at "the poor" in general, rather than social housing tenants in particular.

Part of the reason for that is that millions of British people live in council or housing association homes, and millions more have done so at some point in the past. Of course, not all of those will have had a positive experience. Some in poorly-designed estates may have suffered from serious anti-social behaviour, poor management services and disrepair. However, our view is that most tenants and ex-tenants believe in social housing even if they want it to be better and that a majority of the wider public recognise its value too.

We feel the continued efforts by Shelter, the National Housing Federation and Government ministers to speak positively about social housing and challenge those who express prejudiced views of its tenants, is sufficient at the moment. The focus needs to be on supply and performance.

21. What can be done to make the regulation of social housing more tenant-focussed?

The regulation of social housing was perfectly fine until 2010. The regulatory regime instituted under the Housing Corporation had stood the test of time, but it was also true that it needed bringing into the 21st century through a clearer focus on tenants. The updated regime under the Tenants Services Authority (TSA) introduced by the Housing & Regeneration Act 2008 had engaged in a very positive and meaningful way with tenants up and down the country and was beginning to prove its worth by a number of interventions against housing associations either providing failing services or failing to abide by promised levels of tenant involvement in decision-making.

This robust regulatory regime was rapidly swept away in Eric Pickles' and Grant Shapps' "bonfire of the quangos" immediately after the General Election. Housing associations were to be self-governing, with the previous inspection and assessment regime replaced by a light-touch back-stop at a regulatory committee of the HCA. This has proved to be utterly ineffective. At the same time tenants have been forced to go through a time-consuming "designated person" stage before they can escalate complaints to the Independent Housing Ombudsman.

The current Social Housing Regulator at the Homes & Communities Agency (HCA) is obliged to monitor "consumer" standards like repairs services being provided by social landlords as well as "economic" standards like their balance sheet. In theory, the regulator will take action if the failing causes a "serious detriment" to residents. In practice, however, only 10 of the 1,050 "consumer standard" complaints made to the regulator have resulted in a finding of "serious detriment". It's not just Z2K or tenants groups who are disbelieving on this record. The Mayor of London reckons

that the bar for the “serious detriment” test has been set too high, and so he is calling for ministers to review it to ensure the regulator actually investigates more complaints.

Z2K agrees that this test is part of the problem. But we feel the problem goes beyond that. There is a deep-seated culture of taking what associations say as read, while requiring tenants themselves to prove that “serious detriment” has taken place. The Social Housing Regulator SHR’s departure earlier this year to take up a post as Chair of one of the larger national housing associations (whose Chief Executive is the former Executive Director of Regulation at the HCA) provides an insight into this world. The Regulator was replaced by his Deputy – a former Chief Executive of a large association. At least two London MPs have been so concerned about the Regulator’s failure to protect their constituents, they have raised those concerns in debates in the House of Commons.

Similarly, the requirement for a “designated person” (an MP, local councillor or tenant panel) to escalate residents’ complaints to the Housing Ombudsman simply slows down redress. Neither MPs nor councillors have the resources to process, let alone analyse the merits of complaints, and few of London’s bigger housing associations about whom most complaints are being made, seem inclined to respond positively anyway. It has simply further delayed complaints getting into the Ombudsman’s long queue for a proper independent investigation. Z2K believes ministers should restore the previous position whereby residents could go straight to the Ombudsman themselves once they have exhausted their landlord’s internal complaints process.

The Mayor of London has also called for the Government to establish a Commissioner for Social Housing Residents modelled on the Children’s Commissioner for England. Experience of this kind of watchdog or “Tzar” has been somewhat mixed since they came into fashion in the late-1990s, but it would be better than nothing. Our own preference would be a return to the regulatory regime overseen by the TSA before it was scrapped. We can’t say for certain the TSA would have ensured RBKC/KCTMO responded properly to the concerns of Grenfell Tower residents about the cladding being put on their block. But we doubt the current Social Housing Regulator would have done so.

22. How do we make sure that tenants have a voice in national standards and policy-making?

Firstly, tenants themselves or those who have a long-standing record of championing them should be involved in overseeing the work of whatever regulatory regime is in place. Secondly, we support the restoration of the National Tenant Voice agency, which was designed to ensure that tenants’ were collectively involved in decision-making on issues affecting them.

23. What can be done to make sure that tenants have an effective voice and role with their landlords, including estate regeneration?

Even just a decade ago, most housing associations included a significant number of tenants and leaseholders amongst their Board of Directors. Today, many of the larger associations have ended that good practice, and those that continue it, cherry-pick the residents they allow on to their Board. Z2K understands that it might not be appropriate for residents to be voted directly on to the Boards of housing associations by other tenants and leaseholders. However, we also feel the current recruitment process of many of the larger associations do little to attract tenants in the first place and then find fault with the applications of those that do apply if they appear likely to ask challenging questions. We believe that at least one-third of Directors on housing association Boards

should be tenants or leaseholders, and that there needs to be much greater independence from the Senior Management Team in the way they are recruited.

Estate Regeneration has become one of the most controversial issues in London. Z2K recognises there have been many very good – and necessary - examples of redevelopment on local authority and housing association estates. However, most of those were undertaken with levels of central government funding support that are far in excess of anything likely to be provided today. The reliance on private investment to deliver such regeneration projects makes their value much more debatable. The emphasis today is clearly on increasing the number of flats, rather than making the estates themselves more attractive places for people to live. In fact, this was the stated intention of the project initiated by the former Prime Minister and carried out by Savills in 2016 to identify the capacity of London’s council estates to contain higher-density private housing.

There are only two such schemes in Westminster, where the majority of our clients come from – Ebury estate and Church Street. Both are apparently mired in opposition from existing residents, who rightly question if/when they will be allowed to return and the terms under which those homes are made available. Others doubt the promises about what their new homes and neighbourhood will look like if they do. We have also followed closely the debates on similarly controversial projects in other boroughs, most notably the Heygate and Aylesbury estates in Southwark, Cressingham Gardens in Lambeth, the West Hendon estate in Barnet and the West Kensington & Gibbs Green estates in Hammersmith & Fulham. We understand why tenants and leaseholders are so opposed to such plans in many places, and so we welcome the Mayor of London’s recent pledge that Social Housing Grant will only be made available to schemes where a ballot has shown majority support.

About your submission

24. Would you like your response to remain confidential?

No

25. Please indicate if there is anything else you would not like Shelter to share from your submission?

Nothing.

Marc Francis

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