

PlaceShapers response to More and Better Social Homes discussion document

PlaceShapers welcomes the opportunity to respond to the More and Better Social Homes discussion document published by the Regulator of Social Housing (RSH).

We are grateful to the RSH for leading this discussion in advance of a formal consultation and for the constructive and open way they have engaged with us and our members through this period.

This response has been shaped by discussions with our members, including through roundtables jointly hosted with the RSH, and in consultation with the PlaceShapers board.

PlaceShapers is a network of social housing providers with just under 100 members – ranging from small housing associations to those with over 100,000 homes. Our members operate locally and are not-for-profit businesses committed to improving places through long-term social, economic, and physical place-shaping.

We strongly support the ambition to deliver more and better social homes. Housing associations have a central role to play in meeting housing need, investing in existing homes and supporting the long-term strength and resilience of the communities they serve.

We also support the principle of strong governance, financial resilience, transparency and accountability. These are essential to protecting residents, social housing assets and public investment.

However, we believe there is an important distinction between regulating for the conditions that enable more and better homes and directing boards towards decisions or outcomes. Housing association boards need to retain the ability to balance competing priorities in the context of their purpose, their residents and communities, and the places where they operate.

We would also encourage the RSH to think more broadly about what constitutes a ‘better’ social home. For residents, the quality of their home cannot be separated from the quality of the neighbourhood and community around it. The regulatory framework should recognise the contribution housing associations make to place, regeneration and community investment alongside the quality and quantity of homes.

Question 1: Essentials for more and better homes

Please give your views on how we can further promote the essential characteristics of social landlords to deliver more and better social homes.

We support the principle of the RSH setting clear expectations about the essential characteristics of social landlords and their ability to deliver for their communities and current and future residents.

We support the emphasis on social housing being central to landlords’ purpose, independence and autonomy, resilience, good governance and the ability to protect residents and social housing in the event of failure.

Board independence is critical to organisations being able to take decisions that protect residents and assets and allow them to fulfil their role as long-term custodians of place.

Social housing providers have robust mechanisms that ensure the voice of residents and communities are part of this decision making, including resident board members and resident committees that feed directly into the board.

However, we believe there is a risk that some of the proposals in this discussion document could unintentionally undermine this independence. Boards are responsible for balancing a range of legitimate priorities and making decisions about the best use of finite resources. They need the freedom to determine how they achieve regulatory outcomes in the context of their organisation and the communities they serve.

We support appropriate scrutiny where new structures or financing models create additional risks to tenants, social housing or public money.

More broadly, we would encourage the RSH to recognise that the strength of the social housing sector is partly derived from the diversity of its organisations. Social housing landlords operate in very different markets and places, with different stock profiles, resident needs and strategic purposes. Regulation should allow that diversity to remain a strength.

Question 2: Accountability for more and better homes

Please give your views on how we can further drive landlord accountability in the delivery of more and better homes.

We agree that social housing landlords should be accountable for the delivery of the objectives they set themselves and the commitments they make to their communities.

The RSH plays a critical role in assessing whether organisations have appropriate governance, plans and stress testing in place to ensure they remain resilient and can deliver these objectives and commitments.

However, we have concerns about a shift towards regulation becoming more directive in relation to development, business plans and strategic decision-making.

If the RSH introduces more specific requirements for business plans so that ‘more and better social homes’ becomes a golden thread from objectives through to delivery, this could mean landlords have to demonstrate why they *aren't* maximising development. While we understand the drive to build new homes give the scale of the housing crisis, we believe a good business plan may quite legitimately prioritise investment in existing homes, regeneration or financial resilience in particular circumstances.

While our members are committed to playing the fullest role possible in ending the housing crisis, the decision about how resources should be balanced between different priorities is fundamentally a board responsibility.

The recent bidding round for the new Social and Affordable Homes Programme demonstrates that the sector is doing all it can to 'step up' and build as many social homes as possible given the current context. However, a requirement to set development targets, followed by regulatory scrutiny of delivery against those targets, could unintentionally elevate development above other legitimate objectives.

This is particularly important for two reasons.

Firstly, because development capacity is not determined by housing associations alone. It is affected by grant funding, land availability, planning, construction costs, and market conditions.

The current policy environment also needs to be recognised. Recent announcements on the Social and Affordable Homes Programme and the priority given to council housebuilding are significant developments which will influence how housing supply is delivered.

In devolved areas, mayors and combined authorities have an increased role in directing housing investment, so members will be working through local and regional housing strategies rather than simply delivering their own corporate development programmes.

The regulatory framework should remain sufficiently flexible to reflect these changing policy and local circumstances.

Secondly, we believe that social housing providers are, first and foremost, accountable to their residents and the communities they serve.

Resident board members, resident scrutiny groups and committees, and consultation with, and feedback from, residents and communities all help shape the purpose and focus of social housing providers.

Our members set their priorities based on the challenges, needs, ambitions and views of their communities.

For many of our members, this means they will be directing their resources not just to building new homes and improving the quality of their existing homes, but to investing in their communities and services and regenerating the homes and estates and places where they operate.

This work delivers significant social and economic benefits to communities and to the national economy and should not, even if inadvertently, be discouraged by the regulatory framework or revised economic standards.

For example, one of our members, South Liverpool Homes, recently conducted an extensive and well attended tenant consultation exercise which identified improving the quality of green spaces, helping tenants with the cost of living and promoting community cohesion, as key priorities. Operating in an area where they are the main social housing landlord, they have taken these priorities into account, and they will play a key role in their next corporate plan. Alongside this, they have an ambitious development pipeline and have always invested in their existing homes. The role of board is to balance these priorities.

Other members are investing in mental health services for residents because they have identified this as a critical need, particularly as they are housing those with increasingly complex needs and their communities struggle to access other public services and support. This investment saves money in the long-term for the housing association, for example by reducing arrears, can reduce costs and pressure on the NHS and other services, and improves the health and wellbeing of residents and communities.

Members are concerned that the development of new homes, will take priority over the views and opinions of tenants and the significance of the consumer standards. If South Liverpool Homes are to take into account both tenants' views and their presence in the area, then their board must have the freedom to take independent decisions balancing all relevant factors and manage delivery of strategies themselves.

In addition, we are concerned that the proposals in the discussion document could lead to a narrow view of value for money and encourage social housing landlords to focus on building as many homes as possible with the capacity they have. If we are to support the delivery of the government's ambition for growth in every postcode and genuinely meet housing need, then capacity will need to be deployed according.

Our members, as place-shapers with a long-term interest in the success of a place, invest in homes and regeneration work that can transform a community, for example by building purpose-built schemes that help address local homelessness. These schemes deliver long-term social and economic value but may not be assessed as delivering the best value for money if we just look at the number of homes built.

An increased focus on housing numbers, while understandable in the current context, could stifle innovation, quality, and building the right homes in the right places.

This is particularly relevant as public investment in housing-led regeneration remains significantly constrained. The regulatory framework should not inadvertently disincentivise this investment as the long-term cost to communities could be significant.

Both the government and the RSH clearly acknowledge that social housing contributes to health, education, employment and access to local services and safe neighbourhoods. If the RSH does want to encourage a focus on better homes through regulation, it needs to recognise the environment in which those homes sit.

We would therefore encourage the RSH to consider how quality of place can be reflected alongside the quality and quantity of homes. We believe this would be in line with the Consumer Standards and Tenant Satisfaction Measures, which already acknowledge the importance of a landlord's contribution to the neighbourhood.

Delivering strategic value for money should include social and place-based outcomes, particularly where those investments may not produce an immediate return but reduce longer-term costs or improve long-term outcomes, like reducing health inequalities.

We understand the importance the RSH places on stress testing given the challenges the sector currently faces. Transparency around resilience and mitigation planning can strengthen confidence and trust in the sector. However, common metrics should not become a substitute for boards' own assessment of risk.

We also support transparency around disposal decisions. Social housing providers have an important responsibility to protect the long-term value of social housing, and there should be appropriate accountability for decisions to dispose of homes. However, disposals can form part of legitimate strategies to improve quality, support regeneration, and manage financial risk. Regulatory oversight should focus on transparency and accountability rather than creating an implicit approval regime for disposals.

In conclusion, we support providers being encouraged to assess their development capacity and capability but would not support this becoming a presumption that every provider should maximise development or prioritise it above other strategic objectives.

Question 3: Regulating for more and better homes

Please give your views on our intention to become increasingly targeted in our regulatory approach.

We agree it would be helpful for the RSH to move towards a more targeted approach to the way it regulates the social housing sector. However, this must be genuinely risk-based and size should not become a proxy for risk.

Small well-governed housing associations, with a track record of delivery and resilience, tell us that the regulatory burden can sometimes feel disproportionate and take critical resource out of the organisation.

We agree that the RSH should prioritise its resources for additional scrutiny into higher-risk new entrants, those with higher-risk models and where failure could have significant consequences for residents and communities.

We have some concerns about the proposal to regulate service delivery below landlord level to target localised failure. We understand where this suggestion is coming from and agree that localised problems clearly need to be identified and addressed, and boards should have a good understanding of performance across their estates and neighbourhoods.

However, we believe it is the role of the RSH to ask how boards achieve this understanding and oversee action to address failure, as greater regulatory activity below landlord level risks creating duplication and blurring the respective roles of the RSH and the Housing Ombudsman.

Place-based organisations need the flexibility to respond differently in different neighbourhoods and there is also a risk that regulation below landlord level could encourage standardisation rather than better local responses.

Conclusion

PlaceShapers supports the ambition behind More and Better Social Homes and recognises the important role that effective economic regulation can play in creating a stable, resilient and trusted social housing sector. However, we would urge caution about how that ambition is translated into regulation.

The sector does not need regulation to create an ambition for growth. Our members understand the critical imperative to build more homes, are committed to doing so, and have demonstrated significant development capacity over many years. The key constraints for many social housing providers are the availability and cost of land, funding, increasing costs, alongside the significant investment required in existing homes, safety, energy efficiency and services.

The regulatory framework should therefore focus on creating the conditions in which well-governed housing associations can make good decisions and deliver more and better social homes, rather than directing boards towards particular strategies or targets.

We would particularly encourage the RSH to recognise that better homes are part of better places. For residents, the experience of social housing is shaped not only by the quality of the building but by the neighbourhood, services, connections and opportunities around it.

Recognising the long-term value of place and community investment would strengthen the concept of value for money and ensure that the regulatory framework reflects the full contribution that social housing can make to residents, communities and the wider economy.

As the RSH moves to a formal consultation on the economic standards next year, we urge them to consider how revised standards are developed alongside the existing consumer standards, and that taken collectively the standards set out clear, rather than potentially contradictory, expectations on the sector.

PlaceShapers supports a regulatory framework that is strong on outcomes, proportionate in its application, clear about accountability and supports board autonomy. This will provide the best foundation for our members to deliver more and better social homes while continuing to invest in the existing homes, places and communities for which they are responsible.