

**CONSULTATION RESPONSE ON:
Local decisions: a fairer future for social housing**

Introduction

This response to the consultation document is from the PlaceShapers Group. We are a national alliance of around 50 community based housing associations formed in 2008. We own about 300,000 homes between us, provide services to nearly one million people and as at May 2010 we had plans to invest £2.7billion to deliver a further 20,000 new homes. We came together because we see the importance of working in depth with partners at a local level to achieve real improvements for an area. Indeed, localism and the big society are at the heart of what we do. For more information about the group please visit our website at www.placeshapers.org.

Response

As many of our members will have responded in detail to the consultation from an individual perspective, we have kept this response deliberately brief, confining comments to key points where it is felt that there are specific points of principle pertinent to the PlaceShapers Group as a whole. In this light we have the following general comments on the proposed reforms and their underlying aims:

1. **Local circumstances require local flexibility.** HCA contracts must be flexible to enable local decisions on rent levels *up to* 80 % market rents. Association Boards working with local authorities should determine local arrangements and how best to raise the revenue funding from rents and this should be balanced with affordability factors for local housing markets.
2. **Not trapping people in permanent benefits.** Over 90% of the people being housed by associations earn less than £400pw. 80% market rents will only be affordable with extensive housing benefit. People need a route out of benefits through work achievement. Placeshapers, as community based organisations are well placed to support the Work Programme and other similar initiatives and we will play our part in helping our residents into work. Affordability is fundamental to empowering people to improve their lives through work. We ask for the benefit tapers to be adjusted to achieve this.
3. **80% of market rents may not see money raised as the government hopes depending on LA area and property values.** Market conditions and experience of the financial modelling of affordable rents are limited and untested. Factors such as market rents being based on the prevailing market without reference to inflation increase the uncertainty that the proposed new affordable rent levels will lever in the additional funding that is being projected. It is important to recognise that service charges form part of market rents as this affects the amount of additional rent available to support new development. Market conditions mean that in many of the areas Placeshapers work there is limited headroom to increase rents as they are already at 80%. In addition there are some complications relating to the welfare benefit provisions that need to be clarified to give certainty for development modelling. For example the £26k benefit cap makes it impossible to develop accommodation larger than two bedrooms in London. Given overcrowding problems and agreed targets for larger homes this looks like an unintended consequence.

- 4. Length of tenancies.** The PlaceShapers Group welcomes the flexibility on lengths of tenancy being offered. Particularly for larger family houses, tenancy periods should be limited to family requirements so that when children have left home parents don't stay in a large home unless paying a full market rent. Conversely, for over 65s, a permanent tenancy should be available for appropriate accommodation. We support decisions being made according to local circumstances.
- 5. Common approach with local authority housing.** For the new affordable rent tenancies to work in areas with retained local authority housing, new tenancies of housing association and local authority homes should be on a similar rent basis. Particularly where the local authority is a large landlord, people on housing registers will refuse affordable tenancies from housing associations in preference for a much cheaper "Council Home" on an open term secure tenancy. The PlaceShapers Group considers that a common local approach will be essential with housing associations and local authorities agreeing rent levels according to the prevailing local housing market that will vary from place to place.
- 6. Speed and efficiency in letting the new affordable rent tenancies.** The allocation of affordable homes needs to be fast and responsive within housing register choice based systems. Particularly initially, there could be poor demand for the new affordable rent tenancies from those households in the highest priority categories. Dealing with refusals promptly and cascading offers quickly to other groups where required is an essential flexibility to avoid lengthy voids.
- 7. Existing tenant transfers to be outside of waiting list allocation & nomination arrangements.** The PlaceShapers Group welcomes the proposals for increasing tenant mobility. The ability to deal with transfers of social tenancies outside of current allocation and nomination arrangements together with improved opportunities for tenants to relocate to different locations will give us more flexibility to manage changing customer circumstances without bureaucratic restrictions and impediments. Existing customers on both unlimited and limited period tenancies will be more satisfied and reassured to know that transferring home will be more straightforward and accessible. We therefore agree that these reforms should lead to a better use of the social housing stock with overcrowding and under-occupation tackled more easily. In all transfer situations there is still a resulting vacancy that will be available for a new household allocated on a policy basis.
- 8. Local Scrutiny.** The PlaceShapers Group welcomes the intention to give tenants stronger tools to secure better services locally. We ask that these are tools that we agree with our tenants. The legislation should recognise that within any social housing organisation what works for one customer group may not be appropriate for another. For example, where scrutiny arrangements may work well at a neighbourhood level for general needs housing, for older tenants a specific mechanism across the organisation's sheltered housing provision may be the preferred approach. Irrespective of new scrutiny mechanisms, tenants should still be able to raise service concerns with a local councillor or MP on an individual basis.



Conclusion

The PlaceShapers Group welcomes the greater flexibility at the centre of the government's reforms but has some concern about the potential impact of aspects of the proposals in practice. As important and valued local providers of social housing we would welcome the opportunity to assist the shaping of the final reforms so as to ensure that in practice they meet the needs of the local communities we support.

Any questions or queries about this response should be made to:

Karen Wilson
Chief Executive
Origin Housing
Tel: 02072099210
karenwilson@originhousing.org.uk