

## SOCIAL HOUSING GREEN PAPER

### A New Deal for Social Housing

Today (Tuesday 14<sup>th</sup> August 2018) saw the publication of the long awaited, much trailed [Social Housing Green Paper](#) announced by the former Secretary of State for Housing as a “wide-ranging, top-to-bottom review of the issues facing the sector” and by the current Secretary of State as “a landmark opportunity for major reform.”

The Green Paper was first announced in September 2017 after it became clear that the terms of reference for the inquiry into the Grenfell Tower tragedy would not be able to deal with the wider implications for social housing.

The Government has stated that it intends that this will generate “a nationwide conversation on social housing” debating what works and what doesn’t work, what has gone right and what has gone wrong, why things have gone wrong and how to fix them.

Much anticipation and expectation has been placed on the Green Paper proposals. So, does it live up to expectations of being “the most substantial report of its kind for a generation?” The promotion of it certainly promised a great deal – to accelerate the building of new homes people can actually afford to rent and buy, to view social housing as a choice, and to give tenants a fair deal.

We consider in this briefing if this is the root and branch review promised and, if so, is it the review we would wish for in the North?

#### Introduction

The Green Paper sets out five core themes

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

At face value, the commitments laid out in the Green Paper provides a leap in the right direction from the Government towards improving the state and perception of social housing. Each chapter details a raft of proposals, exploring the supply and quality of social homes, the rights of tenants, some of the stigmas associated with social housing tenants, service management, safety issues and the wider issues of community and the local neighbourhood.

## Key Announcements to look out for in the Green Paper

- The introduction of **Key Performance Indicators** to be set into league tables and monitored by the Regulator, with financial penalties and rewards
- A **Review of Social Housing Regulation** [launched today](#) on how well the current regulatory framework is helping to manage decent homes
- **Strengthening the Regulator** of Social Housing by expanding its remit to all providers
- **Use of Receipts from Right to Buy** sales [consultation launched today](#).
- **Flexibility on the types of tenancies offered by councils** and legislation to be put in place with protections for lifetime tenants who have suffered domestic abuse.
- Reforms for tenants to progress into home ownership with options to reduce / **remove barriers to Shared Ownership**
- **Tackling stigma of social tenants** through positive messaging
- Improving and **speeding up the complaints process** for tenants

The rest of this briefing will provide an overview of the proposals and questions in the Green Paper, and concludes with the initial reaction to key proposals.

The Paper is laid out in five Chapters

1. Ensuring homes are safe and decent
2. Effective resolution of complaints
3. Empowering residents and strengthening the Regulator
4. Tackling stigma and celebrating thriving communities
5. Expanding supply and supporting home ownership

## Ensuring Homes are Safe and Decent

**Ensuring resident safety** - The Green Paper leads with proposals on safety, understandably, as the paper was formed in the wake of the tragedy at Grenfell Tower. The Paper supports the principles behind the Hackitt review of building regulations and commits to bringing forward legislation on building safety. A pilot will be established to trial options for engaging with residents on safety issues.

**Reviewing the Decent Homes Standard** – The Green Paper notes the Standard has not been revised since 2006 and should now be reviewed and updated. Recent tightening of safety has been applied to the private rented sector and additional measures are now needed for social homes.

## Reaction

We support a review of the laws relating to standards, quality and health and safety which are piecemeal, complex, dependent on tenure, and patchily enforced due to capacity issues. We concur with the CLG Select Committee who in their report of 2013 summed up the need

for a simpler, more straightforward set of quality standards for housing in the sector. While there have been a raft of new provisions, they have not necessarily helped to impose better standards across the housing sector and across tenures. We would agree that a strand of work from this Paper would be to look at the extent to which the regulatory and legal framework on decent and healthy homes needs to be modernised and streamlined to support councils, landlords and tenants. In addition, this should encompass the interdependence of health, housing and prosperity.

### **Effective Resolution of Complaints**

**Removing Barriers to Redress** - Government has been moving towards better redress for tenants for some time now and it was expected that the Green Paper would bring together firm proposals on this. There is nothing much new here that hasn't been proposed in recent consultations. Proposals include strengthening mediation including removal of the 'barrier' of a designated person in order to access the Housing Ombudsman which would require primary legislation. Other issues raised in the Paper include how residents are aware of how to complain, what are their rights and how to deal with retaliatory action. To speed up the complaints process, a suggestion is for the Regulator to set out more specific timescales in a Code of Practice.

### **Reaction**

We supported the Chartered Institute of Housing's [Rethinking Social Housing initiative](#), and one of the key messages from the tenants engaged with through that project is that there is a need for greater accountability and thought about how tenants' voices can be heard at national and local level.

The Green Paper does not tackle the impact of issues like welfare reform and the channelling of the majority of resources into homeownership products and affordable rent on living standards and life chances for tenants or the stigmatisation of social housing.

Tenant engagement is strong amongst Northern housing providers. NHC roundtable discussions with residents have shown a wide variation of methods in the way that residents are listened to. It is right that there is wide debate on the way that residents seek redress but it would be a backward step if heavy regulation stifled innovation and flexibility.

### **Empowering Residents and Strengthening the Regulator**

**Performance Indicators** - The Green Paper includes proposals on how residents judge the performance of a landlord and proposes that performance data is published in a consistent format with all landlords assessed against a number of performance indicators. Key performance indicators will be on repair, safety, complaints handling, engagement with residents and neighbourhood management. This is comparable to the NHS 'Friends and Family' test.

It is also proposed that residents are able to compare the performance of different landlords' complaints handling so that there is a consistent approach to reporting to the Regulator.

It is also proposed that the Regulator publishes landlord performance in the form of league tables. Views are invited including on whether the performance indicators should be reflected in 'consumer' ratings, and governance and viability ratings.

The Paper suggests the role of financial incentives and penalties to promote best practice and deter worst performance. This would include whether these KPIs should help inform the extent to which landlords receive funding from the Affordable Homes Programme by linking KPIs to the bidding process.

**Resident Engagement** - KPIs will also be used for measuring resident engagement. Through a regulatory review (announced today) it will be considered whether there needs to be greater consistency and transparency for residents and whether landlords are setting the right expectations on how to engage with residents.

**Resident Voice** - The Paper asks "is there a need for a stronger representation for residents at a national level?" Landlords are expected to work closely with residents in developing new opportunities to have their voice heard and how this can best be achieved.

The functioning of Tenant Management Organisations (TMO) is explored (in the context of the Grenfell Inquiry). The effectiveness of this option will be explored further. This will include consideration of how tenants can choose and switch services, for example, through community based models.

**Choice over services** - Options to be considered are:

- Stock transfer to community-based housing associations
- How resident voice can be embedded in governance structures
- Role of Tenant Management Organisations
- Local Management Agreements whereby residents take control of small-scale services
- Satisfaction with contractor services to provide greater choice
- Other innovations in tenant engagement

**Value for Money for leaseholders** – the way repairs and maintenance is managed has been challenged by representatives of leaseholder groups following the remedial works required for building safety following the Grenfell fire. A programme of leasehold reform has already been announced and a working group established.

**A Stronger Regulator** – The Green Paper states that the Regulator's ability to enforce consumer standards is limited by the 'serious detriment' test. A separate review will look at whether the consumer regulation objectives and standards need to be changed and related to the new KPIs. Government will also be considering how to have sufficient oversight to hold the Regulator to account to Parliament.

The Paper suggests that regardless of whether someone is a resident of a housing association or a council, the same standards should apply and asks if the Regulator should monitor the performance of local authority landlords. It is also suggested that its remit is extended to other organisations such as TMO's and ALMOs.

### Reaction

It is hard to argue against greater transparency, however, KPIs and league tables could be too simplistic a way of ranking services. Potentially, there is no way to adjust for Housing Association local market variables.

When this method is used in schools that are judged on the basis of raw GCSE results it is judged unfair as it does not take into account the intake of the school. A simple and easy-to-digest set of tables is so crude and of such high stakes that it distorts the basic values and principles of decent homes and good communities.

It is important that any measure doesn't provide an incentive to make it difficult for tenants to register complaints if it means that those encouraging honest feedback find themselves languishing at the bottom of a league table.

Some residents will use league tables, but the vast majority rely on local information about location and community rather than single statistical measures of performance with the use of more qualitative judgements of a range of measures.

League tables provide a quick and relatively simple way to compare providers. However, they cannot give a rounded picture of everything going on in each area which is also vital.

League tables are simply one of a number of tools to help people select the right home. It's much more important to visit the area and this may not be good enough to conduct a meaningful value-added analysis. Even with the use of value added data, the work of a registered provider serving disadvantaged areas may not fully be reflected in the tables and therefore gives a misleading impression of the quality of the provider.

We know that registered providers are having to operate in a riskier and more uncertain world with, among other things, the impact of welfare reform, developments in health and social care, Brexit, diversification of activities and more complex treasury management arrangements. Members will need to consider what these changes mean for their tenants and service users and how to translate this into regulatory priorities. We would welcome thoughts on simple ways to present cost information to tenants, to help them consider whether the services they are getting represent value for money.

One suggestion made as part of the Northern Housing Consortium's work both with MHCLG and CIH as part of their consultations on social housing was the establishment of a replacement of the National Tenant Voice. This would allow the voice of tenants to be heard at a national level.

## **Tackling Stigma and Celebrating Thriving Communities**

Stigma was the most consistent theme raised by residents in recent consultations and the Green Paper's main theme was promoted as tackling this perception of social housing and the people who live in it. The Green Paper claims to "rebalance" the relationship between landlord and tenant and to increase supply. Proposals aim to "celebrate the role of residents" by recognising the best neighbourhoods. Government will be collecting stories to reflect the positive experiences of residents.

**Customer Service** – The Paper aims to embed a "customer service culture" and seeks evidence on the impact that landlords are playing beyond their key responsibilities. One of the new KPIs for landlords to be held to account will be on tackling Anti-Social Behaviour.

**Good Design** – The Green Paper proposed good design "regardless of tenure" and references the revised National Planning Policy Framework setting out policy for quality building. Guidance will be published later this year on applying this to social housing and comments are invited on how planning guidance can support good design in the social sector.

### **Reaction**

The Green Paper helpfully tackles the perception that both social housing and the people who live there are subject to stigmatisation and stereotyping. We need to hear more about the vital role low-cost rented housing plays in ensuring everyone has a decent standard of living.

Some of the proposals made within the document, such as "how could we support or deliver a best neighbourhood competition?" are in danger of replicating existing community building work undertaken by registered providers. The housing sector in the North already has an excellent track record of support for communities and building capacity within communities.

With regards to tackling stigma, unfortunately much of the stigma attached to social housing comes from more sensationalist elements which the Government would struggle to tackle e.g. media outlets, unbalanced television shows. In the NHC's consultation event with the then Minister of State for Housing and Planning, Alok Sharma, it was noted by many tenants that there were particular TV programmes aimed at painting negative images of tenants.

Stigmatisation through design – e.g. poorly designed streets, badly lit public areas, unmarked green spaces, social housing being seen as an 'add on' to existing plans for private homes – have been raised anecdotally through the NHC's extensive consultation with social housing tenants. Efforts to address this would be welcome.

## Expanding Supply and Supporting Home Ownership

The Green Paper includes a proposal on how to fund replacement homes sold under Right to Buy. The government has said very little on the policy up to now other than launching a further pilot in the last Budget to test the extension of the policy for housing association tenants, but otherwise it has been absent from the debate up to now. No discussion of supply of quality, affordable, social housing is complete without consideration of the implications of Right to Buy so it is useful that a proposal has come forward.

The Green Paper includes proposals for

- Raising the housing borrowing cap
- Reforming Right to Buy receipts
- Giving LAs confidence to invest in home building – by abolishing proposals to bring higher value assets into effect – this legislation will be repealed when Parliament resumes
- The role of housing companies
- Community led housing – better understanding of how public and private investment can improve existing housing
- Affordable homes / Longer term certainty – funding certainty over longer periods and views are sought on the impact of this on affordable housing
- Investment for social housing

**Social housing for those who need it most** – evidence will be collected on the Allocations Frameworks across the country. The Paper recognises the value of fixed term tenancies and victims of domestic abuse would retain lifetime security.

**Voluntary Right to Buy** – a pilot for HA residents will be launched and a new feature will be tested – a ‘portable discount’ allowing a resident to move their discount to a different property.

**Affordable home ownership** – proposals will be considered to lower the minimum 10% staircase requirement for shared ownership.

## Reaction

The Government in March confirmed it had fallen behind in its pledge to replace council housing sold under the Right to Buy. Changes to rules on Right to Buy receipts will hopefully make it easier to replace homes sold. In a further announcement today the Government has dropped plans to force councils to sell higher-value stock abandoning the coalition government’s flagship plan to force councils to sell off their most valuable homes.

The housing white paper last year said the government would ensure that local authorities ‘*have the tools they need to get homes built where the market isn’t coming forward with enough*’. The Social Housing Green Paper is a real opportunity to give councils the tools they need to trigger the renaissance in council house-building.

Irrespective of the advantages to the individual of home ownership, the sale of council houses has removed many of the more attractive properties from the social sector. Since 2012 more than 66,000 council homes have been sold under Right to Buy and less than 18,000 replacements started. The capacity of local authorities to be able to replenish the stock of subsidised housing whether its social rent or affordable rent needs to be boosted.

In theory, it is welcome that the Government is looking at introducing more flexibility in the minimum amount a shared ownership tenant can staircase. This will allow tenants to staircase in amounts less than the current minimum of 10%.

While this flexibility is welcome, we have concerns that this is not a policy that will fit well with housing markets in the North of England where, once conveyancing fees and valuation costs have been taken into account, the amount paid in fees may be more than the cost of, for example, one or two percent of the property's value. It is clear that this policy will mostly benefit the South East where property values are intrinsically higher.

The Northern Housing Consortium will use the consultation period to pose questions to our Leasehold and Shared Ownership Network about their experience of this. Using our networks and the experience and knowledge of frontline practitioners will allow us to really understand the issue and give relevant, insightful feedback to the consultation.

Homes specifically for social rent were at risk of being eliminated after the recent revision to the National Planning Policy Framework (NPPF) dropped the reference to "social rent" homes from the Government's definition of affordable homes and the government were forced to capitulate and reinstate it in the definition.

We do not consider the 'affordable rent' model, where rents can be up to 80% of local market rents, to be low-cost rented housing. The affordability of rents underpins the sector's social purpose and should be a crucial component of any future rent regime. The Green Paper needs to formalise this shift by prioritising homes let at rents which reflect the earnings of those likely to occupy them, rather than those linked to the dysfunctional private rented market. There are complex issues around rent affordability and balancing the need to encourage investment in new homes and existing stock as well as controlling public expenditure through the welfare system.

We would advocate for an exploration of the potential for a sector-wide approach which supports long-term investment in existing and new housing stock, as well as providing a robust approach to affordability.

There was a big focus, particularly in our York session with the Housing Minister, about the role of Universal Credit and its impact on social housing tenants. While we recognise that Universal Credit is the jurisdiction of the Department of Work and Pensions, it is disappointing to see that Universal Credit's impact – particularly where there are delays in



receipt of the housing element of Universal Credit - on the financial robustness of tenants has not been properly addressed.

## **Conclusion**

There is much in the detail that will be pleasing to housing providers.

- The focus on decent homes and thriving communities and reversing the decline in council housing - reflecting calls the NHC has been making over the past months and years.

There are of course areas that may be of concern in the Green Paper.

- The focus on regulation, the funding for supply of homes for social rent, and continued emphasis on home ownership at the expense of other forms of tenure.

We will be providing a detailed response to this *very* Green Paper and working with politicians and civil servants to ensure a strong Northern voice is heard. We would encourage our members to engage constructively in the debate that will follow the Green Paper. Government will want to hear from our members, especially with positive suggestions about how you can meet the changing aspirations of consumers.

Opportunities to be involved include focused regional roundtables looking at the scope of the Green Paper

If you are interested in registering for Green Paper roundtables please visit the [NHC events page](#) which will be updated with details of upcoming opportunities to be involved.