Social Housing Action Campaign

Policy Discussion Paper

December 2018

Housing Association Reform

Housing Associations currently house 2.6 million households. They acquired their properties almost exclusively from local Authority Stock Transfers, subsidies from Central Government and subsidies from their residents.

The average MP and councillor's in-tray is peppered with unresolved cases relating to problems residents of Housing Associations (Currently called 'Registered Providers') have with their landlords. They outnumber massively similar cases generated by Local Authorities.

In many instances the MP or Councillor who writes to the landlord and is lucky to get a reply to their query. Let alone a resolution of the problem that prompted the query.

Registered Providers present the world with two narratives: -

- To potential investors, bond holders and lenders Registered Providers project themselves as dynamic Housing developers with operating profits in excess of 30% and a secure income stream implicitly guaranteed by the state. Any investment in them is virtually risk free.

- To their residents registered providers try to give the image that they are a group of poor, resource starved organisations constantly seeking efficiencies through economies of scale and cutting back on services in order to maintain their viability.

Changes by successive governments to the social housing 'Regulatory Framework' has made things worse, with de-regulation driven by a desire to preserve the fiction that the debts of Registered Providers are independent of the public sector borrowing requirement and not guaranteed by the state,

There is a widespread view that Registered Providers have lost their original ethos, strayed away from the communities they are meant to serve, and are now little better than property developers with a small (and shrinking) social rented housing sector tagged on.

The actual amount of social housing built (i.e. housing affordable to rent by households on less than median incomes) is small and also shrinking. A large proportion of the properties built by them are for market sale or rent and do little to alleviate the housing shortage for those households on low or median incomes. Housing associations are now focusing on shared ownership products, which maximise their revenue streams but offer little benefit to people on low or intermittent incomes. At current London house prices they trap people in these properties with little prospect of buying out the housing association share or selling the property for a reasonable price when circumstances change.

Policy Discussion Paper

December 2018

Housing Association Reform

Housing associations are getting bigger and more remote from their residents. Their senior management justify this by citing ‘economies of scale’. But there is no evidence that any real efficiencies of scale exist in the housing sector.

The National Housing Federation recently announced a scorecard with 15 Key Performance indicators they would like Registered Providers to sign up for. While they are all very nice and good, only three deal with registered providers’ accountability and relationships with their residents.

The sector is clearly in need of massive reform. So below are a few proposals to make them more accountable to the communities they serve:

1. The membership of all registered providers should be open to its residents and junior staff members.
2. All housing association residents have the same rights that council tenants with secure tenure regime enjoyed at the moment.
3. All registered provider residents should have the right to manage, with the management and maintenance allowances received by the management organisation determined by the regulatory body rather than the registered provider.
4. At least 70% of the board of a registered provider above a certain size be elected by their residents and junior members of staff. With at least one third of the board being residents and junior members of staff.
5. That registered providers area of operations should be restricted to certain well-defined geographical regions and their size restricted to reflect the communities they purport to serve.
6. The ratio between the highest paid employee and the lowest paid employee of registered providers should be no more than six to one pro-rata. All employees and the employees of registered providers’ contractors should be on the hourly local living wage.
7. There should be a balance struck between housing associations’ laudable ambitions to build more social housing and the practical steps of being good landlords, maintaining assets properly and providing good services to their existing tenants. The minimum stock condition standards for property owned or managed by registered providers should be tightened and reflect aspirations to alleviate fuel and utility poverty wherever

possible. This should be backed up by increased powers for the Regulator and the creation of a culture within the Regulator willing to use these powers.

Not all registered providers are bad landlords and many still subscribe to their original ethos. But as various articles in the press shown lately many of the larger ones have lost their way. Concentrating on mergers and expansion for expansions sake to the detriment of the welfare of their residents and the communities they purport to serve.

Households in properties managed or owned by Housing Associations number approximately 2.4 million, nearly 5 million voters. They tend to be a segment that exhibits a low voter turnout, especially at local elections. Their voice needs to be heard. These proposals are an attempt to develop a framework where these residents can engage with their landlords in a way that is relevant to their lives.

Drafted by: Mick O’Sullivan, 13/12/2018