

# Social Housing Green Paper: JRF and JRHT response

As a society we believe that supporting each other is the right thing to do. We want to live in a country with a decent, affordable home for everyone. To that end, this response to the Social Housing Green Paper draws on extensive research and policy work to focus on two areas: increasing tenant voice and power, and improving affordability.

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## Recommended actions

1. In the area of increasing tenant voice there is a lot of good practice, but more work is needed to ingrain modern forms of tenant engagement across the sector. In addition, a greater responsiveness to complaints is needed.
2. It's not right that in a country like ours people on the lowest incomes are struggling to keep their heads above water. The Government must develop a plan to increase the supply of social housing, at rent levels that ensure affordability for families on low incomes.

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## Introduction

Drawing on the extensive research and policy work undertaken by JRF and our experiences as landlords through JRHT, this submission focusses on two areas: increasing tenant voice and power, and improving affordability.

On the former, we note that there is a lot of good practice but more work is needed to ingrain modern forms of tenant engagement across the sector as well as a greater responsiveness to complaints.

On the latter point, like many other groups we welcomed the then-Secretary of State's promise of a 'wide-ranging, top-to-bottom review of the issues facing the sector' (Javid, 2017). However, the Green Paper published in August falls short of the ambitions already set for it by Government. We are particularly disappointed by the failure to set out a long-term plan for the supply of affordable housing, and the lack of focus on affordability.

It is our view that this lack of ambition stems from the failure of the Green Paper to adequately define the role that Government sees for social housing. The Prime Minister is clear in her foreword that social housing is 'not just about creating a safety net to prevent homelessness'.

This is a welcome statement and suggests that she envisages what others have termed a 'wider affordability role' for social housing (Rees, 2018). To deliver this wider role would require a larger supply of social housing – but the Green Paper lacks proposals to deliver this. Likewise, the Green Paper lacks measures designed to ensure that existing and new supply remains affordable to those on low incomes.

We believe Government must go further, and that the forthcoming Spending Review represents an opportunity to set out a plan to deliver increased levels of supply at rent levels that ensure affordability for families on low incomes.

### **Chapter two: effective resolution of complaints**

'Question 8. How can we ensure that residents understand how best to escalate a complaint and seek redress?'

There is already a lot of good practice in the sector but still room for improvement as shown by the higher than predicted increase in incoming complaints to the Housing Ombudsman 2017/18 (Housing Ombudsman Service, 2018). We support the proposals to remove the democratic filter given the high levels of dissatisfaction and confusion among tenants over the designated person arrangements. This will make it much simpler for tenants to escalate their complaints (Kennoy, 2018). However, the Housing Ombudsman will need more resources to shorten the time tenants wait for a judgment.

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## **Chapter three: empowering residents and strengthening the regulator**

‘Question 20. Are current resident engagement and scrutiny measures effective? What more can be done to make residents aware of existing ways to engage with landlords and influence how services are delivered?’

The experience of our board members is that there are some good examples of effective tenant scrutiny, working with independence and high levels of trust and often supported by external organisations, such as TPAS. Ideally organisations should have a range of options for residents and communities to engage with their landlords in ways that work for residents, many of whom will be juggling a variety of pressing responsibilities, with built in feedback measures so that any influence that has been achieved is evident and communicated. Organisations that are trying to increase resident engagement should publish and promote openly all methods of existing tenant engagement. The extent to which they do promote such opportunities and succeed in increasing tenants’ access should be a factor in how their engagement efforts are measured by the proposed new performance tables.

‘Question 26. Do you think there are benefits to models that support residents to take on some of their own services? If so, what is needed to make this work?’

Yes, and experiences from community asset transfers and the Right to Manage within leasehold law are probably good sources of insight. We would emphasise however that in our experience tenants tend to want to take on the responsibility for delivering a service only when the one being provided is substandard or unresponsive in some way. The focus of all organisations should be on getting the service right in the first instance by working with tenants meaningfully at every stage, and not doing things to them.

## **Chapter four: tackling stigma and celebrating thriving communities**

‘Question 38. In addition to sharing positive stories of social housing residents and their neighbourhoods, what more could be done to tackle stigma?’

Social housing and its residents can often be stigmatised because of the way the tenure has been developed in the past – in easily identifiable, mono-tenure communities. Sweeping generalisations in political settings about ‘sink estates’ worsen this tendency. We believe one of the most effective ways to avoid stigma in future is to locate social housing within mixed-tenure, tenure-blind communities, avoiding any place-based or tenure-related stigma.

We were delighted to see the Green Paper highlight Derwenthorpe, on the outskirts of York, as an ‘exemplar’ case study in sustainable, mixed tenure communities. The development of Derwenthorpe has been led by JRHT and is tenure blind, with all houses designed to the same standard and with the same appearance regardless of tenure. A forthcoming independent study of life at Derwenthorpe for JRF (Quilgars, 2018) finds that:

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- Residents are very happy with Derwenthorpe as a place to live, particularly enjoying the growing sense of community.
  - Residents frequently talk about how friendly the development is, particularly those who have lived there longer.
  - Residents appreciated the pepper-potting and that you couldn't identify tenure type from the outside. In the main, residents were very supportive about the idea of a mixed community and felt it functioned well.

It should be noted that the high standards and tenure mix achieved at Derwenthorpe (the site is 60% market sale, 40% social rent and shared ownership) does come at a cost. By the end of this year, JRHT will have received £7.37 million of social housing grant from Homes England and its predecessors to contribute to the scheme's costs (Joseph Rowntree Housing Trust, internal calculation). More communities like this can be developed if funding is available.

'Question 44. How can we encourage social housing residents to be involved in the planning and design of new developments?'

Resident involvement is critical to the long-term success of development projects. Involving residents late – or in tokenistic ways – is ultimately damaging (Robson, 2016). We recommend 'co-design' rather than just consultation on developments, with an intensive period of engagement and negotiation involving all parties, including residents, the landlord and the developer, backed-up by support for residents so they can engage meaningfully.

## **Chapter five: expanding supply and supporting home-ownership**

'Question 45. Recognising the need for fiscal responsibility, this Green Paper seeks views on whether the Government's current arrangements strike the right balance between providing grant funding for housing associations and Housing Revenue Account borrowing for local authorities.'

We believe this is the most significant question this consultation asks. Boosting the supply of low-cost rented homes is essential, but the Green Paper – and more recent welcome announcements – do not go far enough.

### **Why the supply of low-cost rented homes matters to us all**

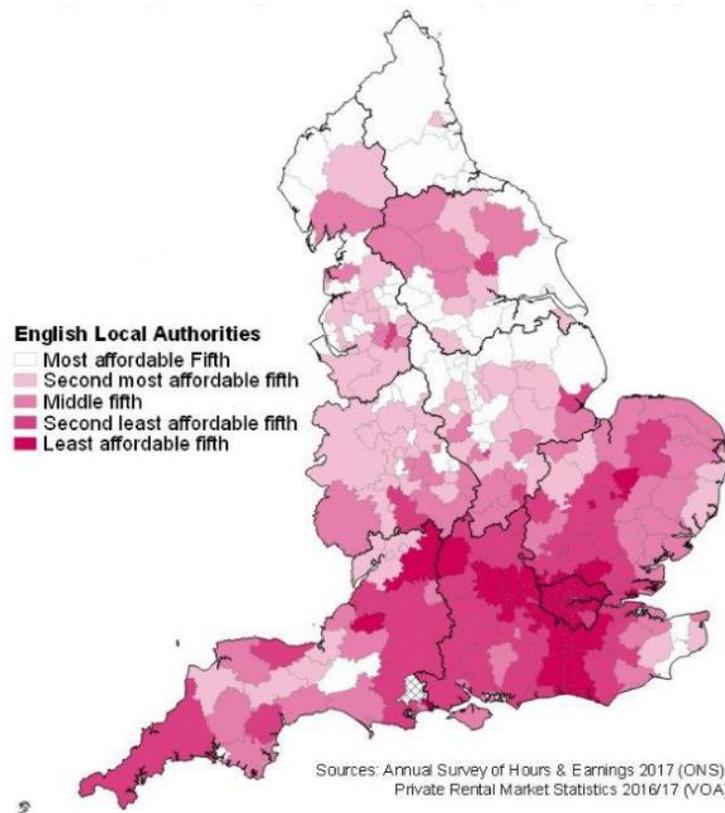
Boosting the living standards of low-income families requires a dual focus on boosting incomes and reducing the cost of essentials. Actions such as the introduction of the National Living Wage represent some progress on the income front. But as the Prime Minister noted in her foreword to 2017's Housing White Paper, high housing costs hurt ordinary working people the most.

These costs have been rising fast. Since 2002/3, housing costs for low-income families with children have risen **four times faster** than costs for middle income families (Cribb, 2018).

JRF analysis shows that real income growth amongst the bottom fifth of households between 2007/08 and 2015/16 is mostly wiped out once housing costs are taken into account (Kumar, 2018). Pressure from housing costs is increasing: the proportion of people in the poorest fifth of the working-age population who spend more than a third of their income (including Housing Benefit) on housing costs has risen from 39% in 1994/95 to 47% in 2015/16. In part, this is because in recent years, more low-income families have found themselves living in the private rented sector, where costs are higher. This has a knock-on impact on the Housing Benefit bill.

## Acute pressures in London and the South East

Analysis by JRF of lower quartile earnings and lower quartile private rents across England shows that pressure is particularly acute in London and the South-East, including in districts home to several high profile and marginal constituencies. Monthly rent-to-earnings ratios run at over 40% in much of the south (see notes - JRF analysis of ASHE 2017 and VOA Private Rental Market Statistics).



These are often the economically vibrant areas where opportunities to enter work – and to progress – are more likely to arise. But buoyant labour markets also fuel higher rents and house prices. To break this cycle, the provision of low-cost rented housing is necessary. Revenue subsidies like Housing Benefit simply respond to these pressures and are expensive. Capital investment in new homes could insulate low-income families from these pressures for the long term.

The Prime Minister said in her foreword to the Social Housing Green Paper that she saw low-cost rented housing as playing a ‘vital role’ and that ‘it’s not just about

creating a safety net to avoid homelessness'. With seven in ten English local authorities saying they found it hard to secure social housing for homeless people last year (Fitzpatrick, 2018), this wider role will mean increased supply of low-cost rented homes is needed.

### Why current levels of Government investment are not enough

This chart shows the delivery of homes partially funded by Government grants – of all types – over recent years. It shows an average annual shortfall of some 30,000 homes against the benchmark needed to meet newly arising needs (78,000 genuinely affordable homes per annum):

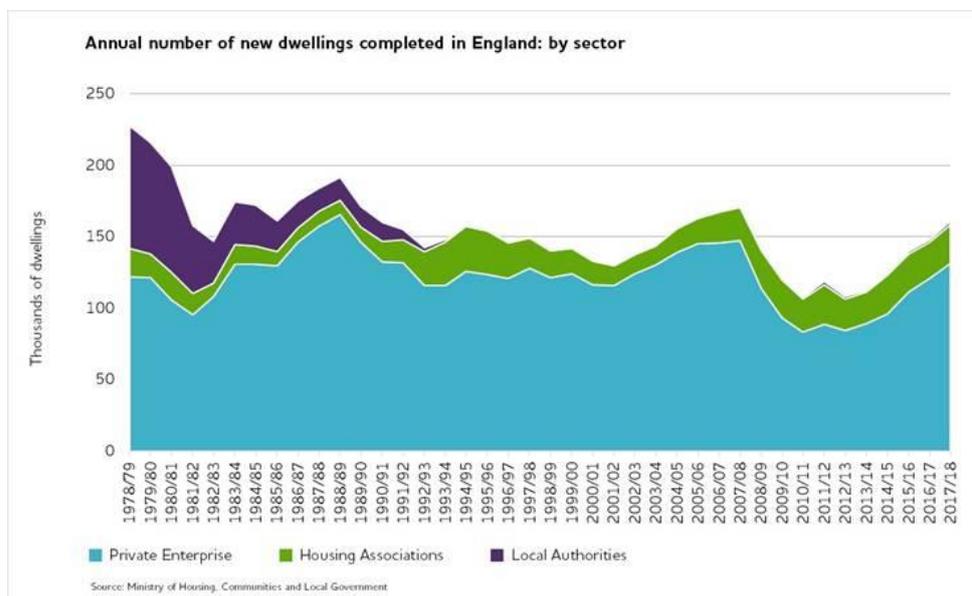


Source: JRF Analysis Unit analysis of DCLG Affordable Housing Supply data and Holmans (2013) projections



This analysis only considers newly-rising need. More recent analysis has suggested that to tackle the backlog in supply, we may need a more ambitious target of 90,000 - 140,000 homes per annum (Bramley, 2018).

Building low-cost rented homes adds to the overall supply of housing, contributing to the Government’s ambition to build more homes, more quickly, as it has in the past:



There is good evidence that such a move is popular with the public (Chartered Institute of Housing, 2018). In polling for the Chartered Institute of Housing, 80% of people agreed that social housing is important because it helps people on lower incomes get housing which wouldn't be affordable in the private rented sector. A further 78% agreed that social housing should be available to people who cannot afford the cost of renting privately, as well as to the most vulnerable. What we need is more investment. In addition, 71% of Conservative council leaders and housing leads polled for JRF by Survation agreed that current investment was not sufficient to meet housing need in their area (Joseph Rowntree Foundation, 2018); 96% of the same group wanted to see the Social Housing Green Paper address supply issues.

The Green Paper's commitments on supply are very limited and will not enable social housing to play the 'vital role' the Prime Minister set out. The commitments are more likely to stem losses of existing social housing than increase supply:

Commitment	Likely impact
Consulting on allowing local authorities to keep the Right to Buy receipts they already hold for longer than the current three years to ensure the receipts can be used alongside the borrowing cap increase.	Local authorities report the three-year limit on using Right to Buy receipts is a 'major issue' (Local Government Association, 2018). CIH estimate that only 40% of stock sold is currently being replaced (Stephens, 2018). Extending the period would likely increase this replacement rate – but would not represent a net addition to the stock of low-cost rented housing, given it is replacing stock that has been sold.
Confirming the Government does not intend to bring the Higher Value Assets provisions of the 2016 Housing and Planning Act into effect, and will look to repeal the provisions when parliamentary time allows.	At the time these provisions were legislated for, JRF estimated they could result in the loss of 12,000 local authority-owned homes per annum (Clarke, 2015).  This commitment confirms the plans will not go ahead, which is welcome, but this merely preserves existing stock – it does not add to the supply of low-cost rented homes.

The Spending Review must prioritise the building of homes let at rents which reflect the (relatively low) earnings of those likely to occupy them, rather than those linked to prices in the dysfunctional private rented market. JRF's preference is for homes let at Living Rents, which have a direct link to local earnings. This ensures they're affordable to a person earning a low wage typical for the area. Overall, Living Rents are slightly higher than traditional council/housing association social rents but that link to local earnings ensures they are still affordable to tenants. They also strike a better balance between affordability to the public purse and affordability to end users than the current Affordable Rents regime. They are deliverable at a lower cost per home than traditional social rented homes but can be let at rents that allow low-earning households to make ends meet (Lutpon, 2015).

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Since the Green Paper was published, two further major announcements have been made by the Prime Minister.

These are:

- The announcement that £2 billion will be made available for affordable housing from 2022 (May, 2018) – giving long-term certainty to the housing association sector.
- The removal of borrowing caps from local authority housing revenue accounts.

The first of these announcements provides welcome long-term certainty for housing associations, but the investment will not be available for four years, and the sum involved (£2 billion) is relatively small – the equivalent figure in the current spending review period is £9 billion. If we are to bridge the 30,000 home per annum supply gap, this £2 billion needs to be the down-payment on a much larger commitment at next year's spending review.

The removal of local authority housing revenue account borrowing caps is very welcome, but the Government's own estimates suggest that it will deliver just one in three of the additional low-cost rented homes required each year, and even this assumes that the many councils which have barely built anything in recent decades will be able to assemble the necessary expertise and additional sources of funding to increase output quickly (Judge, 2018). There is also a need to understand the location of this borrowing capacity – over half of English local authorities no longer own council housing, and thus have no housing revenue account to borrow against.

The lack of HRA capacity in many parts of the country demonstrates why it is not simply a question of 'rebalancing' from housing association supply to supply from councils – we need to boost supply from both sources in order to meet newly arising need, and to ensure social housing plays the vital role the Prime Minister has outlined – one that is wider than just a homelessness safety net.

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## About the Joseph Rowntree Foundation and Joseph Rowntree Housing Trust

The Joseph Rowntree Housing Trust is a registered housing association and care provider in York and north-east England. It is working with the Joseph Rowntree Foundation to inspire social change.

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from [www.jrf.org.uk](http://www.jrf.org.uk)

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