

The future direction of social housing reform

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Context

- 4 million social housing tenants - split four ways
 - 1m in traditional housing associations
 - 1m in transfer associations
 - 1m in ALMOs
 - 1m in in-house managed local authority homes
- Only 32% of tenants are now in work (47% in 1980)
- 27% of all BME householders are in social housing
- 50% of social housing is in the most deprived areas
- Lettings down from 270,000 to 170,000 in 10 years

Recent achievements of social housing

- Close to reaching the decent homes standard
- Close to achieving rent coherence
- Common performance standards
- Reasonable satisfaction levels across all four segments of social housing
- Substantial investment in new homes

What is on the reform shopping list?

- There is a dire shortage of affordable rented homes
- Housing providers have monopoly power and tenants have very few choices
- The majority of housing providers are 'fair' rather than 'good' and have lost the goodwill of all parties
- Half the sector is funded through the HRA which is arcane and often illogical in its workings
- Routes into and out of social housing are clogged
- Vertical integration undermines choice
- The housing benefit system undermines choice

Current challenges that will 'get in the way'

- The credit crunch has seen:
 - The collapse of the housing market
 - Drastic shrinkage of building capacity
 - The breakdown of expected cross subsidy and public/private partnerships
 - Shrinkage of development capacity
 - Higher interest costs
 - Evaporation of routes to low cost home ownership
- Public finances will be severely squeezed by falling tax revenues and rising benefit costs

Likely consequences

- House building targets will be ‘missed by miles’
- New homes will become more expensive (in both absolute and subsidy terms)
- Some house-builders and providers will not survive
- Current public/private partnership routes won’t work
- Current routes out of social housing won’t work
- Decent Homes may not be completed
- Supported housing will be even more under-funded
- It will be hard to lubricate reform with additional resources

What needs to be done?

- The HCA, providers and government need to find ways to build through the recession
- The TSA needs to set new standards and find ways of driving up service quality and cost efficiency
- Tenants need to be given choice and power so that providers have to respond to survive
- Local authority housing needs a new system of funding
- Rent levels and subsidies need to permit choice and reflect progress in place making