


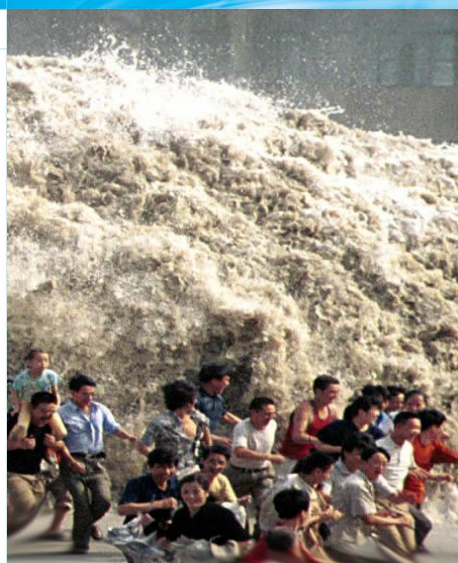


**Housing's Brave New World**  
*(or ... stop the train, I want to get off!)*



NHMF  
January 2011

**The immediate future**



## Housing policy: a rushed experiment

- “Abolish first, consult later ...”
- Effectively no new capital grant for 2/3 years
- Rents on new lettings can rise
  - 80% of market level
  - Proceeds to fund 150,000 new homes, maybe
- Time limited tenancies
- Benefits to be cut, capped
- CLG took biggest cuts, by far

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## Some unresolved questions

- 80% of what market rent, where?
- What about existing rents?
- What happens outside London and SE?
- How much power/control will LAs have?
  - LA ‘cartels’ already forming - talk of 65% not 80%
  - Some LAs don’t want social housing
- What’s the ‘deal’ on new development?
- What happens to the poorest in society?
- Do the sums add up for 150,000 new homes?

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## On the horizon

- Semi-privatisation of social housing?
- More cuts, details to come
- New 'Universal Benefit' to replace existing range of benefits – employment focus
- Decimation of public sector jobs
- Local authorities at the sharp end
- Warm words about protecting the poorest



## Planet Housing

- So long TSA (we hardly got to know you)
- Adios Audit Commission (we came to love you, grudgingly, sort of)
- Local offer & national standards here to stay
- HCA to fund and regulate
- Enhanced role for tenants, MPs, councillors
- Dysfunctional planning system



## Going up ... ↑

- Volunteers, community: the **BIG** society
- Localism, local solutions, devolution of power
- The deserving poor
- Getting a job (any job)
- Social enterprises
- Housing mobility for job-seekers
- Home ownership
- Private sector market solutions
- **RADICAL EFFICIENCY!**

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## Going down ... ↓

- Bureaucrats, inspectors, centralism
- Public sector fatcats
- Social housing, public sector solutions
- Tax avoiders, parasitic consultants
- The undeserving poor , eg
  - "benefit scroungers"
  - continuing substance abusers
  - bogus asylum seekers, illegal migrants, travellers

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## Mood music



## The BIG Society ... what it means

- Giving communities more powers
- Encourage people to take an active role in their communities
- Transferring power from central to local gov't
- Support co-ops, mutuals, charities and social enterprises
- (Publish government data)

## Is the BIG Society

- A sensible 'back to basics' response?
- A cynical cover for spending cuts?
- A determined attempt to roll back the state, permanently?
  
- Whatever it is, housing assocs not 'in'



## Public sector fatcat



## An 'influential' thinktank says:

- Affordable housing gimmick helps 0.1% households each year but costs between £0.5 to £1 billion
- Social housing tenants have 66% higher rates of economic inactivity compared to private tenants. This leads to increased poverty and worse social outcomes
- Social housing costs around £32 billion a year: consisting of subsidised rents, maintenance, construction, housing benefit, and additional welfare dependence caused by lower employment rates
- Social housing is a barrier to employment

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## More thinktank propositions

- More UK social housing than other EU states
- Losing work doesn't jeopardise tenancy
- All working households owner-occupiers
- Drop private rents - no need for social housing
- Government takes control of social housing assets, bond sales to create 100,000 new homes

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## So ... what does it all mean?



## The financial outlook for HAs

- Local authority partners squeezed
- Potential threats to all income and capital streams
  - *Capital grants*
  - *Supporting People*
  - *Rental income and benefits*
  - *Access to borrowing*
- Need to increase gearing to develop
- Need to attract more upmarket tenants?



## The social outlook

- Fair cuts? Reality of poverty in Britain today
- Social geography will change
- Social inequality in UK set to rise
  - *Health inequality the sharpest*
- 'Undeserving poor' become (a lot) poorer
- Social support services will wither
- Law and order – police budgets cut too



## Housing association outlook

- Apparently more freedom, but less money
- Focus on (radical) efficiency
- Mergers, groups and sharing
- Good enough will be good enough
  - *Excellence becomes an expensive luxury*
- Good governance and risk mg't at a premium
- Development game becomes harder
  - *What will happen to those who don't/won't play?*



## The new development deal ...

- If you develop new homes, rents can increase, so long as the local authority agrees
- Rental surpluses need to be spent for the LA areas from which they came
- What grant there is will be at very low levels
- You'll need to borrow more, take risks
- If poor people can't live in rich areas, too bad
- Don't complain – go away and make it work

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## Some longer term issues

- Who houses the poorest, most deprived?
  - o *How can we avoid being marginalised organisations housing marginalised people?*
  - o *How far should we move up-market?*
  - o *Are we 'housing associations' or something else?*
  - o *Who will champion (and pay for) the dispossessed?*
- Can we unlock new kinds of finance?
  - o *Do we need to? Might we **have** to?*
  - o *Is there an exciting new model waiting to get out?*
  - o *Do we want to be deregulated, privatised?*

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## Government priorities

- Reduce public expenditure
- Roll back the state
- Increase home ownership
- Punish the undeserving poor
- Replace missing grant:
  - *Increase rents (but not benefits)*
  - *Extract wealth from housing associations*



## The Localism Bill

- Coherent decentralising philosophy: but rushed implementation
- Abolition of regional housing targets
- General powers for local authorities
- Community right to buy, free schools, local control of planning decisions, local referenda
- Greater LA freedom on lettings, rents
- Abolition of TSA, Audit Commission and more besides



## Maintenance & asset management

- Sell off non-performing or high value properties
  - *Ideally sell one, build (say) three*
- Plan for radical efficiency gains, procurement
- Will excellence be affordable? Or will good enough be good enough?
- No 'Decent Homes Plus' for now
- In house teams save 20% VAT
- Shared services, joint ventures, mergers



## In conclusion

- New policies, framework - remember law of unintended consequences
- Housing, social justice not priorities – conditions will deteriorate, but how far?
- Our tenants & communities at the sharp end
- Are we now 'part of the problem'?
- Tough times, some new freedoms, opportunities
- Real challenge to our mission, values
- Our place in the sun has gone



## Final thoughts

1. Housing associations still the main game in town
2. The need for what we do will increase
3. Some of the Coalition agenda plays to our strengths
4. Radical efficiency will be (very) painful, but necessary
5. Maintenance is still near the top of tenant concerns
6. Without maintenance, asset values will slide
7. Most of us will still be here when the Coalition has gone: sadder, poorer and perhaps wiser, but still here



## The good ship Housing: towards the dawn

