

Westlea Housing Association – Partner Update for Chippenham Area Board

Changes in Social Housing

There are big changes that will affect residents, their communities and Housing Associations as social businesses.

The Comprehensive Spending Review (CSR)

- Cuts in development grant for building homes from £8.4 billion to £4.4 billion
- Creation of 'affordable' rents – social rents will remain but the grant for building will be allied in the main to the new affordable rents which will be 80% of market rents. This is likely to affect areas where market rents are particularly high e.g. London but also some rural areas.
- Capping of benefits at £500 per week for couples and lone parents and to £350 per week for single people from 2013.

Local decisions: a fairer future for social housing. This is a government paper setting out the principles of how housing will be managed in the future: .

- Ends the idea of automatic tenancies for life; housing organisations can offer fixed term tenancies for new tenants, with a minimum of 2 years, although following consultation the Government will allow tenancies for life if the housing organisation deems it appropriate. Existing tenants will retain their current terms and conditions.
- One succession of tenancy – this is where a tenancy is passed onto a spouse or partner after the death of the tenant. After this one succession Housing Associations can decide their own policy.
- Creates 'affordable' rents – up to 80% of market rent including service charges, for the new fixed term tenancy
- Cuts waiting lists, allowing Local Authorities to set new criteria for who can gain a place on the waiting list
- Removes existing tenants wanting to transfer from one property to another from the waiting list so they don't have to compete against new tenants
- Allows Local Authorities to fulfil their homeless obligation by offering people private sector rented accommodation; at the moment people can insist on going on the social housing waiting list only
- From 2012 allows Local Authorities to set new standards for the new 'affordable' rent properties, maybe as low as building regulation

standards, currently social housing is built to a higher specification e.g. insulation, to offset ongoing maintenance and running costs.

- Abolition of the Tenant Services Authority (TSA) and the Audit Commission as regulators. The Homes and Communities Agency (HCA) currently regulates the investment in social housing will also now have the consumer regulation powers. The Audit Commissions inspection role will be shared between the National Audit Office, Local Authorities and the private sector. This will result in less inspections overall. The idea is to move to co regulation with residents – know what your residents want you to deliver and report back to them about how you are achieving this, also creates a move to involve more residents in Governance structures.

The Impact

- The Government still wants to build 150,000 new 'affordable' homes but is halving the development grant with reduced subsidy per unit of approximately £20,000. This will be paid for by allowing Housing Associations to charge higher rents – the new 'affordable' rent which is 80% of the market rates locally. This rent will be charged to new tenants but this will also affect new tenants of homes that are re let and new build properties.
- How do residents afford this? The new 'affordable' rent will be eligible for housing benefit but this will have to fit into the caps on local housing allowances. Average income for families in Westlea homes is £10,000 per annum. With reductions in benefit it is estimated that incomes will drop by an average of 7%. We are expecting to see more hardship as a result and an increase in rent arrears as people will be expected to make up the shortfall between the local housing allowance levels that housing benefit will be paid on and the new 'affordable' rent.
- We are expected to look at neighbourhoods and see whether they provide the type of properties that meet the local need and may look at selling or redeveloping so creating more mixed estates where one type of tenancy subsidises another including homes for outright sale. This is called 'sweating our assets'.

We welcome the increased flexibility in being able to offer different types of tenancies and creating greater mobility for residents. We also welcome the decrease in regulation so we can agree with residents directly what is most important for us to deliver. We are concerned about the increased financial hardship the proposals could create for low income residents and the impact on the stability of communities.

Helen M. Barbrook

Neighbourhood Involvement Manager

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Westlea Housing Association part of the GreenSquare Group