

Written evidence submitted by the National Housing Federation [RSH 088]

Summary

The National Housing Federation (NHF) is the voice of housing associations in England, representing almost 800 housing association members that provide homes for around six million people.

Housing associations are committed to providing safe, quality homes for all residents and we welcome this inquiry as an opportunity to look again, with the committee, with residents, the government and others at what more we could be doing to achieve this. In this submission we show that:

- The vast majority of social homes are affordable, good quality and secure.
- Housing associations strive to put residents at the heart of decision making and get things right for every resident, but in a sector that owns 2.5 million homes, we know that this is not always the case. Housing associations are taking action to make sure residents' views and concerns are heard and acted on, including through the NHF's Together with Tenants initiative.
- The regulatory regime is effective at ensuring that social housing providers are financially viable and that social housing is well-managed.
- We support the proposals in the Social Housing White Paper for stronger consumer regulation and transparency.
- We support the government's intention to update the Decent Homes Standard, and to regulate for improved energy efficiency standards and the decarbonisation of social homes.
- Housing associations invest extensively in new and existing homes (£16.3bn in 2020/21), funded primarily by sales income and borrowing against rental income (total sector debt currently stands at £86.3bn),
- Housing associations are having to make difficult decisions about how to balance funding vital investment in the safety, quality and energy efficiency of existing homes, the quality of services to residents, and building new social homes to meet housing need.
- Alongside implementation of the important reforms outlined in the Social Housing White Paper we recommend:
 - The return of dedicated funding for regeneration of existing homes
 - A long term national plan on housing for people on low incomes – developed collaboratively with residents - making clear how we deliver urgently needed new social homes, replace old ones, and improve others to the quality and energy efficiency residents rightly expect.

Introduction

We have answered the committee's specific questions below, grouped by theme, but first we set out our overall response to the issues raised by the inquiry.

Housing associations are committed to providing safe, quality homes for all residents and we welcome this inquiry as an opportunity to look again, with the committee, residents, the government and others at what more we could be doing to achieve this.

Four million households live in social housing in England. Social homes are overwhelmingly affordable, good quality and secure. Housing association tenants save £9bn in rent each year compared to the amount they'd be paying if they were renting privately.¹ Social housing improves people's life chances and contributes to their wellbeing by creating safe and sustainable communities, and supports the wider economy and society.

Service quality and resident engagement

We strive to get it right for every resident, but in a sector that owns more than two and half million homes, we know that this is not always the case. Although the vast majority of social housing is high quality, we have seen recent examples of poor quality homes and services. We, and the organisations involved, have apologised and work is going on across the sector to put this right.

We are committed to doing more to make sure residents' views and concerns are heard and acted on. For example, so that complaints procedures and repairs services are responsive and high quality. That's why the NHF set up our Together with Tenants project in 2018 and updated our code of governance to better reflect the importance of tenant engagement and accountability. Together with Tenants is a sector-wide initiative focused on strengthening the relationship between residents and housing associations. It embodies the drive and commitment of housing associations in taking the lead in accountability, transparency and resident oversight. Since its introduction, over two hundred housing associations accounting for 79% of the homes owned by housing associations have adopted Together with Tenants along with a number of local authorities.

While housing associations are already acting, we also support the proposals in the Social Housing White Paper for stronger consumer regulation and transparency. Sector-led action, backed up by stronger consumer regulation, should ensure residents' voices are at the heart of social housing and every tenant receives the service they have the right to expect and there are clear routes to redress if they don't.

Quality of home

Social housing is higher quality than any other tenure, and the vast majority of social homes are good quality. 89% of housing association homes pass the Decent Homes Standard (DHS), compared to 75% in the Private Rented Sector (PRS) and 83% in owner occupied homes. This represents a huge improvement in overall quality within the last two decades as the number of homes failing to meet the DHS in social housing decreased from 38% in early 2000 to 13% in 2020. Social housing is also more energy efficient than any other tenure – 64% of homes are in Energy Efficiency Ratings (EER) bands A to C, compared to 38% in private rented sector dwellings². 87% of social renters are satisfied with the service their landlord provides.

Continuing to ensure that all homes meet the Decent Homes Standard is a high priority for housing associations. But the sector's ambitions go beyond this – and in the absence of updates to the DHS, many housing associations have developed their own internal "DHS+" standards. These utilise the DHS as a baseline but increase ambition in ways tailored to, and developed in conjunction with, their residents and local community. For example by incorporating adaptations more widely, upgrading insulation measures and improving the

¹ NHF analysis – contact NHF for further detail

² [Energy Performance Dwellings](#)

energy efficiency of homes well beyond that set out in the DHS. We support the renewal of the DHS to modernise homes and equip them for the future. A renewed standard could also introduce new energy performance standards in social housing and promote best practice in other areas to mitigate the impacts of climate change.

Additional investment in existing homes planned for the next few years should further improve the infrastructure of social homes. For example, of the housing association homes that currently fail to meet the DHS, 41% fail solely on the ‘thermal comfort’ criterion – mostly because insulation is not sufficient. Housing associations have invested significantly in improving the energy efficiency of their homes in recent years, bringing more than 100,000 homes up to EPC C in 2019 alone. Further planned investment, combined with the funding soon to be available from the Social Housing Decarbonisation Fund, should further close this gap. Most housing associations aim for all homes to reach EPC C by 2030, and many will reach this sooner, giving rise to warmer homes that are cheaper to heat and a decrease in residents experiencing fuel poverty.

Meanwhile some homes are no longer fit for purpose – often due to their age and the nature of their original construction, as well as how well they now match local need. Every resident should live in a decent quality home but sometimes this can be hard to maintain simply because of the fabric of the building itself and in some cases, older systems of construction make remediation difficult without whole scale regeneration. This is not just about the oldest homes. For example, housing association homes built before 1919 are in much better condition than homes of this age in other tenures, reflecting the considerable investment made in them³.

For some homes, **housing led regeneration** presents an opportunity to deliver new, high quality, energy efficient homes as part of a wider economic stimulus and support for communities, but there are limited opportunities to access government support for regeneration. **The government should harness the potential of housing associations as key delivery partners and ensure that new and existing funding can be used to support housing-led regeneration across the country.** This will revive communities and contribute to national strategic priorities including levelling up, supply of high quality affordable housing, and decarbonisation.

Housing need and a housing strategy for people on low incomes

The long-standing absence of a national vision or strategy for housing for people on low incomes has led to a situation in which 8.5m people are living in homes that are overcrowded, unaffordable or unsuitable, including two million children⁴. For about half of these families, social housing is the only affordable option.

The significant shortage of suitable social homes in many areas impacts existing social housing residents as well as those who need social housing. While housing associations will do everything they can to match families to suitable sized homes, and to support families to pay heating bills and maximize their income, overcrowding increases the likelihood of issues occurring in homes, particularly damp and mould.

³ NHF analysis of English Housing Survey data – available on request

⁴ NHF People in Housing Need report <https://www.housing.org.uk/resources/people-in-housing-need-2021/>

Housing associations invest extensively in new and existing homes (£16.3bn in 2020/21) to try and meet this challenge. This investment is funded primarily by sales income and borrowing (total sector debt currently stands at £86.3bn).⁵

The sector is forecast to spend £81.7bn on development of new homes over the next five years - which 41% funded by sales income, 36% by debt and 10% by grant. Rental income underpins this investment, which is why the four year rent cut between 2016 and 2020 was so significant, and why future certainty over rental income is so important.

The sector is also forecast to spend £35.1bn on maintenance and major repairs, including 3.5bn (10%) on building safety, over the next five years. Nonetheless, **funding a significant upgrade in the quality of social homes will be a challenge.**

Housing associations are having to make difficult decisions about how to fund vital investment in the safety, quality and energy efficiency of existing homes, the quality of services to residents, and building new social homes to meet housing need. **In the long term, the sector will not be able to fully fund all these priorities from its existing rental income and current capital grant rates**, so will need to balance meeting the needs of current residents and addressing the housing crisis through building new homes.

We believe that the quality of existing social homes has to be considered as part of this wider picture around the availability, affordability and quality of social housing for everyone who needs it.

A national strategy for housing for people on low incomes – recognizing the central role of high quality social housing - could seek to address this. It would need to be developed collaboratively with residents, housing associations, local authorities, the government and other stakeholders. It could seek to cover:

- The overarching aims and outcomes that social housing should deliver – for example around quality of home, affordability, access for those in need, reduced welfare spend, resident engagement, health and community. Priority outcomes could include reducing the number of families in temporary accommodation, reaching a new, higher baseline level of quality and energy efficiency of homes; and bringing down the housing benefit bill via investment in new social housing.
- The role social housing plays within the wider housing market.
- The investment needed to deliver these outcomes – including crucially to ensure existing social homes are safe, high quality, and ultimately decarbonized, and new homes are built where they're needed, and let for rents affordable to local residents.
- How the required investment in both new and existing homes should be funded – recognizing the central and interdependent roles for rental income and capital grant.

The current rent settlement ends in 2025, the Affordable Homes Programme largely ends in 2026, and the Social Housing Decarbonisation Fund is currently funded until 2025. The middle of this decade provides an opportunity to re-align revenue and capital funding for social housing behind a strategic approach focused on the core outcomes social housing could deliver for residents and society, with quality at its core. The NHF and our members are keen to work closely with our residents, the government and other stakeholders to help deliver such a strategy.

⁵ Global Accounts of Private Registered Providers 2020-21 – Regulator of Social Housing

Quality and Decent Homes

- How widespread and serious are the concerns about the quality of social housing?
- What changes, if any, should the government make to the Decent Homes Standard?
- Should the Decent Homes Standard be amended to include energy efficiency and other means of mitigating climate change, and if so how?

Housing associations are committed to providing safe, high quality and affordable homes and high quality services to residents.

Social homes are higher quality, better insulated, more energy efficient, and more likely to have working smoke alarms than other types of housing, as well as being more affordable for people on low incomes. Housing associations are proud of the investment made in existing homes over previous decades and the wide range of high quality services and support provided to residents.

Nonetheless we recognise that there is further room for improvement, and that the examples of poor quality services and homes seen in recent months fall well below the standards we set ourselves. We and the organisations involved have apologised, and the sector is working hard to put things right.

Meeting the Decent Homes Standard

According to the England Housing Survey, 89% of housing association homes pass the Decent Homes Standard (DHS), compared to 75% in the Private Rented Sector (PRS) and 83% in owner occupied homes. Of those that fail, 35% fail only on the basis of inadequate insulation. Other reasons for failure include risks associated with falls (23%), such as stair design which do not meet modern requirements. Additional investment in existing homes to improve insulation will ensure more homes meet energy efficiency standards. However, in some cases it might not be practically possible to address these issues at all – for example if the fabric or design of the building does not allow the necessary improvements to be made. Dedicated funding for regeneration presents an opportunity to address such impracticalities and modernise existing homes making them fit for purpose.

Housing association homes are more energy efficient than any other tenure, with 64% of homes in Energy Efficiency Ratings (EER) bands A to C, compared to 38% in private rented sector dwellings⁶.

Other factors

Alongside the physical condition of the building, residents' experience of their home can be strongly influenced by their living conditions. Due to the severe shortage of social housing, some families live in social homes that are too small for them – 8% of social homes are overcrowded⁷. Housing association residents are generally on low incomes and with 16% of housing association households experiencing fuel poverty⁸, families often cannot afford to turn on their heating sufficiently to heat the home. Housing associations do all they can to ensure residents live in suitably sized homes and provide significant support via advice on income maximisation, and emergency help. But wider change – including a significant

⁶ [Energy Performance Dwellings](#)

⁷ [English Housing Survey, 2020-21](#)

⁸ [BEIS, Fuel Poverty Statistics England](#)

increase in social housebuilding and wider support for incomes would be necessary to completely solve these issues.

Updating the Decent Homes Standard

The NHF supports the current review of the Decent Homes Standard (DHS) and we are a member of the sounding board run by Department for Levelling Up, Housing and Communities. Given that the DHS hasn't been reviewed for 15 years, we believe some of it is out-of-step with modern life and legislation as well as the strategic social, safety and environmental aims of landlords, residents and government.

For example, the statutory underpinning of the DHS remains the Housing Act 2004 (HHSRS) and it does not align coherently with newer legislation such as the Homes (Fitness for Human Habitation) Act 2018. The list of building components that the DHS identifies must be kept in a reasonable state of repair does not include heat pumps, solar panels or fire suppression and detection systems. The DHS also does not adequately address the modern-usage of electricity and digital connectivity, nor discuss issues of accessibility and adaptation for disabled and elderly residents. Later in our submission we discuss further the potential role the DHS can have in regard to mitigating and adapting to the climate emergency.

The DHS should continue to be seen as a minimum standard, not a target. In the absence of updates to the DHS, many housing associations have developed their own internal "DHS+" standards. These utilise the DHS as a baseline but increase ambition in ways tailored to, and developed in conjunction with, their residents and local community. These localised standards could be looked to for inspiration by the government when renewing the national DHS. Examples of enhanced measures include additional adaptations, upgrading insulation measures and improving the energy efficiency of homes beyond that required by the DHS.

We agree with the [Good Homes Review](#) that renewing the DHS provides an opportunity to prepare homes for the future and we are keen to work with the government to achieve this. However, between 2001 and 2011, local authorities and housing associations spent £37bn making their housing decent as part of the Decent Homes Programme. Given the scale of required investment in existing homes to ensure they are safe and decarbonised - it is important that a renewed DHS is created in the context of how it will be funded and aligned with these other objectives (see below).

Reaching net zero

The NHF and our member housing associations are committed to supporting the government to reach the 2050 net zero target and help prevent catastrophic climate change – as well as adapt to the already-changing climate. [You can read more about our work in this area here.](#) We are committed to supporting the government in the implementation of the Heat and Buildings Strategy.

We understand that, in order to provide certainty to supply chains in the clean heat and retrofit sectors, the government is keen to set long-term regulatory signals for the housing stock to decarbonise. In the Heat and Buildings Strategy it was explained that the government is planning to consult on establishing new minimum energy performance standards for the social housing sector in the coming months. We look forward to working with government on developing these standards.

A renewed Decent Home Standard (DHS) could be a potential vehicle for introducing a new energy performance standards in social housing. It should be noted that the scale of investment needed by the sector to bring all properties up to EPC C and install clean heat technologies like heat pumps is substantial. [Savills have estimated](#) this cost at an additional £36bn for the housing association sector, with the vast majority of that figure being solely for fabric improvements.

If minimum energy efficiency standards are introduced via a refreshed DHS it will be important that it is designed in such a way that the scale and costs of energy efficiency works don't crowd out or hold back other important changes included in the new DHS.

We can also see a role for a renewed DHS for the sector in promoting best practice in areas like water and lighting efficiency, gas cooking appliances and measures to combat over-heating, flooding and promote green-space as we experience the impacts of climate change.

Resources

- What is the impact on social housing providers' resources and therefore their ability to maintain and improve their housing stock, of the need to remediate building safety risk and retrofit their homes to make them more energy efficient?

Housing associations are committed to working with tenants, stakeholders and the government to deliver on our shared goals around building safety, decarbonisation, housing quality and new social housing supply. However, the sector faces challenges in balancing investment across these goals in future years.

Housing association investment in new and existing homes is funded by rental income, supplemented in some cases by government grant and cross-subsidy from income-generating activity like market sale. Housing associations borrow against future rental income in order to deliver upfront investment.

The sector is forecast to spend £81.7bn on development and £35.1bn on maintenance and major repairs the next five years.⁹ Housing associations' highest priority is the **safety of their residents**. We and our members estimate that the cost to our sector of making buildings of all heights safe, including those not covered by the Building Safety Fund, could exceed £10bn. The building safety bill will significantly impact some providers accounting for 46% of the total spend for ten housing associations. This added cost means one in ten new homes previously targeted by housing associations will no longer be built.¹⁰

Housing associations are committed to playing their part in delivering the country's net zero goals, by **decarbonising all housing association homes**. [Recent analysis](#) for the NHF by Savills showed that housing associations are already planning to invest £70bn in the fabric and components of their existing homes by 2050, but that decarbonisation will require at least an additional £36bn.

Finally, housing associations deliver a quarter of all new homes in England, including the vast majority of affordable homes. Building new social and affordable homes is vital to helping tackle the housing crisis.

⁹ [Global accounts 2020-21](#)

¹⁰ [More than 1 in 10 affordable new affordable homes lost to building safety](#)

Housing associations are having to make difficult decisions about how to fund vital investment in the safety, quality and energy efficiency of existing homes, the quality of services to residents, and building new social homes to meet housing need. The sector will not be able to fully fund all these priorities from its existing rental income and current capital grant rates, so will need to prioritise complying with regulation and the safety and wellbeing of residents.

We are concerned that housing associations are having to make these decisions in the absence of a long term plan for housing people on low incomes and support for objectives such as a plan should seek to achieve and therefore may not deliver the outcomes needed at a national level, as outlined above.

Regulation

- Is the current regime for regulating social housing fit for purpose?
- How clearly defined are the roles of the Regulator of Social Housing and the Housing Ombudsman?
- Do the regulator and ombudsman have sufficient powers to take action against providers?
- Does the current regime allow tenants to effectively resolve issues?
- Will the reforms proposed in the Social Housing White Paper improve the regime and what progress has been made on implementing those reforms?
- Should all providers of social housing, not just councils, be required to register with the regulator?
- What challenges does the diversification of social housing providers pose for the regulatory system?

We consider the regulatory regime for social housing to be delivering against its fundamental objectives to ensure that social housing providers are financially viable and social housing is well-managed. Housing associations' financial stability underpins their ability to invest in the quality of homes and services for tenants, including by borrowing against future rental incomes. It is vital that this focus continues – ensuring that registered providers are financially robust protects tenants and maintains lender confidence.

We support the Regulator's work to tackle issues in so-called Exempt Accommodation and have suggested ways that more can be done to ensure all supported housing is of the quality residents have the right to expect. We will respond to the Committee's separate inquiry into this.

Whilst the economic regulatory regime is robust, we agree with the direction set out in the Social Housing White Paper and welcome proposals to strengthen consumer regulations and implement a more proactive approach to regulating these, as set out below.

The roles and powers of the Regulator and the Ombudsman

The Regulator for Social Housing plays a crucial role in providing assurances for residents but does not currently proactively regulate consumer issues. We therefore welcome reforms to introduce a proactive and risk-based approach to consumer regulation to ensure an appropriate level of focus and protections for residents. As the regulator transforms its role and widens its remit, adequate resources are essential to enable the regulator to effectively conduct its duties and ensure the focus on economic standards, viability and governance is not lost.

The distinction between the roles of the Housing Ombudsman and the Regulator for Social Housing are clear to the sector in principle, although it will be important to ensure they don't blur in practice as the role of the Ombudsman expands in line with the proposals in the White Paper. There is also more that we, and others can do to ensure residents understand the role of the Ombudsman and have access to their services. The Housing Ombudsman has sufficient powers to take actions against providers. We welcome the Complaint Handling Code setting out common expectations across the sector to ensure complaints are resolved quickly and effectively. The introduction of a Systematic Framework is an effective mechanism to explore wider issues and facilitate learning across the sector.

In partnership with tenants, our members continue to seek ways to improve and simplify processes to ensure as many complaints are resolved as soon as the complaint is raised, rather than having to resort to the Ombudsman. Where issues are escalated, our members are keen to work collaboratively with the Ombudsman to resolve disputes and continue to improve the services provided to tenants by prescribing simple and accessible routes to redress when things go wrong. However, it's crucial that the Housing Ombudsman is resourced to fulfil its function effectively, ensuring resolutions are attained at pace and building trust in the complaints procedure.

The reforms in the Social Housing White Paper

We welcome the reforms proposed in the Social Housing White Paper to empower residents to better hold their landlord to account alongside proposals intended to ensure tenants have direct and swift routes to redress.

The reforms constructively address issues that matter to both housing associations and their residents such as safety, complaint handling and knowing how a landlord is performing. We and our members embrace a culture of transparency and being open with how we are performing on issues that matter to residents in an a clear, meaningful and inclusive way. We therefore welcome scrutiny and are committed to working with residents to understand what information they need from their landlord in order to do this.

The sector is committed to addressing the concerns of residents and have made progress whilst we await legislation needed to underpin the Social Housing White Paper. We welcome its ambition and focus on resident voice and influence as well as reforms to further establish housing associations accountability to tenants.

In partnership with our members and their residents, in 2018 the NHF began co-creating the 'Together with Tenants' initiative to enhance resident engagement and accountability. In line with our four-point plan for change, housing associations have taken measures to review governance structures, embed resident oversight and established practical mechanisms to ensure the voice of their residents have weight and influence. To date, over two hundred housing associations representing 79% of the homes owned by housing associations, have adopted Together with Tenants. This is a reflection of our sector's genuine commitment to responding to the call from our residents to be more accountable to them.

We welcome the proposals in the White Paper to tighten the definition of 'non-profit' in relation to the registration of private registered providers to ensure landlords and properties are properly classified and treated. This will help ensure that the regulator properly designates providers, and that bodies operating for profit do not attract the more favourable housing benefit status for supported housing.

Diversification and wider regulation

The NHF is the membership body for not-for-profit housing associations. With the increasing involvement of for-profit registered providers in the provision of social housing we think it's important that the regulatory regime is able to robustly safeguard both the social housing itself and the experience for residents. We believe that the default position should be one of consistency in regulation across both not-for-profit and for-profit registered providers.

Our membership also includes a number of very small unregistered housing associations who own small numbers of homes for which they charge social rents, or sub-market rents. We believe that the approach to regulating small charitable organisations should remain proportionate given that they are already subject to charities regulation and the general regulations covering landlords.

We recognise the concern in relation to the operation of some providers of exempt accommodation which we will cover in a detailed response to the Committee's [inquiry on exempt accommodation](#).

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