

## The Regulator of Social Housing: Consultation on a new Rent Standard from 2020

### Response template:

### Rents for social housing from 2020-21 - consultation paper

If you are responding to this consultation by email or letter, it would assist us greatly if you could use the following format in your response.

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### Consultation questions

**Question 1: Do you consider that the Regulator has accurately reflected the requirements of the Direction in its proposed 2020 Rent Standard?**

Yes

**Question 2: Do you agree that the proposed 2020 Rent Standard, when read alongside the Policy Statement, gives providers an appropriate level of clarity about the rules on rent with which they will be required to comply?**

In general, yes, but there is a potential problem with Temporary Accommodation (TA) owned by Local Authorities.

Looking at both the rent standard for 2020 and the rent policy statement our interpretation is that homeless hostels are exempted from the rent standard where they are owned by LAs by virtue of 2.38 and 2.39 in the rent policy statement (but this appears to only give them a 10% flexibility in the rent to be charged and this may not be sufficient) but it does not seem to exempt other types of shared or self-contained TA owned by the council.

The line in the guidance which seems to prohibit this is in Chapter 5 where temporary social housing is exempt but only if it meets the following criteria:

*5.10 In this policy statement, 'temporary social housing' means low cost rental accommodation made available to a person who is homeless (within the meaning of the Housing Act 1996) either:*

*(a) by a private registered provider under an assured shorthold tenancy agreement or a licence where:*

*i. a local authority has nominated that person as a tenant of the accommodation on a temporary basis,*

*ii. that local authority owes a duty under Part 7 of the Housing Act 1996 to that person, and*

*iii. the registered provider holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years, or holds the social housing on a lease with a term of 30 years or greater, or holds the freehold title to the social housing, and acquired the social housing without public assistance; or*

*(b) by a local authority under a licence where:*

*i. that local authority owes a duty under Part 7 of the Housing act 1996 to that person,*

*ii. the accommodation provided is accommodation to which the account held pursuant to section 74(1) of the Local Government and Housing Act 1989 (duty to keep Housing Revenue Account) does not relate, and*

*iii. the local authority holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years.*

We are aware of members across the country who use stock owned by the council either in the General Fund or the HRA for the purposes of providing temporary accommodation until a more secure tenancy can be found.

The NFA would like further clarity on this issue and argues strongly that this accommodation is being used by councils to keep costs and therefore welfare bills down and should not be discouraged via these regulations which we understood were primarily being used to control ordinary long term social rents once the rent rebate subsidy limitation control mechanism in the HRA is no longer able to constrain rents due to the move to Universal Credit.

### **Question 3: Do you have any other comments in relation to the proposed 2020 Rent Standard?**

Whilst we accepted the need for government to have a control over social rents in order to be able to control the welfare bill and that on balance, rental restraint should apply equally to all providers of social housing and therefore apply to all tenants of social housing, we do not accept further control over temporary accommodation rents via this mechanism.

Councils are in a very different position to housing associations and other private RPs in this case as they have the statutory duty to provide the temporary accommodation and bear some of the costs. They are finding it more and more difficult to lease from the private sector at rents covered by 90% of 2011 LHA rates and have had to find ways to provide an increasing amount of affordable, decent accommodation, ideally within the local authority area for these purposes.

We urge the government to exclude this type of accommodation from the social rent guidelines and allow local authorities to continue to provide this accommodation where necessary.

We would also like to add a note of caution on the data burden for councils and ALMOs. Whilst we recognise that the Regulator is still putting in place a data collection process suitable for local authority registered providers, and the intention is that it will be similar to the data that MHCLG already collect from stock-holding local authorities through its Local Authority Housing Survey (LAHS), there are still concerns in the sector about the data burden. We would urge the Regulator to only collect what is absolutely necessary for it to be able to carry out its duties.

**Question 4: Do you agree with the conclusion of the business engagement assessment including equality analysis, at Annex 3 of the consultation document?**

Not applicable to our members as public sector bodies.