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Housing Associations

Policy and Practice

Helen F. Cope

BA (Hons), FIH, Cert HFE

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To Pete and my family

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Foreword

Housing Associations have faced change for a period of nearly 20 years. Peter Walker, as the first of Edward Heath's Secretaries of State for the Environment, produced a White Paper in 1973, 'Widening the choice – the next steps in housing', rolling forward the government's housing policies. Among other things, Peter Walker said that the government was committed to ensuring that people had a proper choice, between renting and owning, that the needs of homeless people were catered for by expanding housing provision and that the role of the housing association sector, hitherto largely marginal other than for a few score pioneers, would become more important as the 'third arm' of housing.

The Conservative government lost office before its Housing and Planning Bill could be enacted, but the 1974 Housing Act brought in by Labour was effectively the completion of the outgoing government's measure. It was conceived in the spirit of consensus whereas, by contrast, the 1988 Housing Act was born out of political conflict between the major parties over the roles of housing associations, the private rented sector and council housing.

The period between these two pieces of legislation saw considerable extra resources committed to housing associations, primarily through the Housing Corporation but also by local authorities. Housing associations were not too well known in many areas in the immediate aftermath of the 1974 Act but by the introduction of the then 1987 Bill they worked in just about every town, city and major rural location in the country, providing an important contribution to local authority housing efforts in making homes available for those unable to enter the owner-occupied market.

The expansion of housing associations in this period was, however, focused on key activities. Most important were the commitments to work in the inner cities and urban conurbations and the development of skills and expertise in providing special needs housing, including housing for older people. The resulting spatial distribution and activity interests of housing associations will raise major questions as the 1990s unfold if this government, or its successors, continue effectively to invest public sector resources only in housing associations to provide the expansion of rented homes and to secure, by one means or another, the concentration of local

authorities on the repair of the existing stock and the broadening of their role from provider to enabler.

The government's market-place philosophy for rented housing was confirmed in the 1988 Housing Act which has brought about fundamental changes in the administrative, procedural and financial arrangements for housing associations. The Parliamentary passage of the Bill saw few real concessions by government to housing association views and concerns. The key questions of affordability, the location of housing association investment (especially in the new context of development risk), and the priorities for housing association work remain largely unanswered.

However, the 1988 Housing Act brought about gains too: the most significant gain has been the substantial change of heart by government over Treasury rules on mixing public and private finance. The so-called challenge funding experiment in 1987/88 paved the way for the change incorporated with the 1988 Housing Act which no longer prevents public and private money coming together in the same project. From now on additional private sector resources are just that – additional to the programme. The transfer of development risk to housing associations will impact upon the type of housing schemes undertaken, but the most significant effect is the transfer of financial risk. Not only is it significant, it is also controversial since, given the general position of most housing associations, the risk of the finances of projects going wrong is actually borne by tenants in the main with the prospect of higher rents at the end of the day.

The previous regime was financially neutral; the position after the 1988 Housing Act places much more emphasis on the asset base, financial and other resources and skills of housing associations, as well as the effectiveness of organisations as developers and managers of their housing. Any future review of the effectiveness of the 1988 Housing Act financial regime will surely concentrate on means by which housing associations can continue to be cost-effective developers matched by reduced risk to the finances of their housing projects.

The effects on the shape of the Voluntary Housing Movement are difficult to predict. One clear result of the changes is that housing associations wishing to continue substantial development programmes to meet needs see themselves as less 'confined' to their normal local areas of operation or their traditional neighbourhoods. In these cases there is a clear need to focus on the traditional approaches of housing associations to small-scale decentralised management as well as to their varied attempts to be accountable in local communities.

The key words for housing associations in the 1990s will relate to the effectiveness of their activity, their performance in promoting good standards of housing development and management, and the focus on increased accountability for their activities, most notably in reviewing and

extending their relationships with local authorities, local communities and their tenants.

Above all, however, the 1990s and the new framework established as a result of the 1988 Housing Act will truly test housing association independence. Up to now, taking the government's money has not been equated with swallowing every policy detail whole. Associations have remained remarkably independent, willing to speak out for the homeless, argue for more housing resources, continue positive relationships with local authorities and campaign for the needs of the most vulnerable through their special needs housing programmes.

Reliance on public sector resources and, in particular, high levels of grant, is essential in order to produce affordable housing: the real question for the 1990s is will the government allow housing associations to remain independent?

This and other issues are discussed throughout this book, which provides a valuable source of reference for those who wish to understand further the policies and practices of housing associations and the diversity of their activities.

J.E. Coulter
Director, National Federation of Housing Associations

Preface

I was stuck in a traffic jam in London when the cab driver, having already elicited my life story asked, 'Well then, what are these housing associations? I've seen their signboards about the place. What makes them different from any other private landlords?'

Although huge sums of public money are invested in associations each year, little is known by the public (even those with 'the knowledge') about the nature and activities of these diverse organisations. Such ignorance must cause concern, given the Government's intention that housing associations should become the major providers of rented housing as part of the process of de-municipalisation, which since 1980 has seen local authority house building virtually cease and one million public sector rented homes sold off through the right to buy. If housing associations are to embrace this wider role then their nature and their work should be widely publicised and subjected to scrutiny. I hope that this book will contribute to that process.

It is aimed at anyone with an interest in the housing association movement – tenants, councillors, committee members, officers and students. Its purpose is to examine the activities of housing associations and the range of needs that they meet. It explores policy issues and attempts to evaluate the movement's performance in the light of best practice.

The Housing Act 1988, which advanced the process of privatisation through tenants' choice and other provisions, also established a new tenancy regime and financial framework for housing associations. The latter incorporated a more limited system of subsidy which will inevitably lead to higher rents. Although the capital programme of new development is to expand, whether the rents produced by the financial framework will enable associations to continue to house their traditional client groups, those on low incomes and in housing need, remains to be seen. The book examines, in detail, the impact of the Housing Act 1988 upon the work of housing associations and explores the challenges which face the movement in the 1990s. It also considers the extent to which housing associations are accountable for their actions and for the public funds that they receive. In 1989/90 alone, over £1 000 million was invested in associations yet their committees of management remain self-selecting. It could be argued

that this situation is no longer tenable; the record of associations in terms of accountability to their tenants, to the communities in which they are active and to the public at large, is a further theme of the book.

The text commences with an examination of the context in which housing associations operate, their structures and activities and the agencies with which they work. The main disciplines of finance, development and management are then explored. Specialist activities are considered, in particular, the movement's role in meeting the housing needs of older people and in providing shared housing and hostel accommodation for those individuals with special requirements. The development of housing for sale is also considered. It concludes by examining the shape and composition of the housing association movement in the 1990s and assesses the tensions imposed by the increasingly commercial climate which now prevails.

The voluntary housing movement embraces a variety of organisations and activities. The constraints of space make it impossible to cover every aspect of the movement in the desired depth. The book concentrates on the mainstream providers of housing to rent and refers only in the broadest terms to other arms of the movement, such as almshouses and co-operative housing associations which deserve texts in their own right. It also concentrates on the work of housing associations in England, although some reference is made to both Scotland and Wales.

Wider aspects of housing policy, law, finance and management are dealt with in other books. This examination is therefore limited to those aspects of policy and practice which are of particular relevance to housing associations.

I would like to thank the many people who have assisted in the preparation of this text. Officers of the Housing Corporation and the National Federation of Housing Associations: Steve Ongere, David Salathiel, Alan Lewis and Bill Randolph who supplied statistical information. The material provided by numerous housing associations including Anchor, Hanover, Merseyside Improved Houses, North, Orbit and Rodinglea is also appreciated. Special thanks to Laura Donnelly, Grahame Hindes, Ruth Hole, Mike Langstaff, David Murdoch and Pat Rushton who painstakingly read various parts of the text. Any errors which remain are of course mine, and mine alone. To Belinda Dyson and Marie Holly who typed and retyped the constantly changing text and finally to Pete, for an endless supply of food, drink and patient encouragement without which the book would not have been completed.

Helen Cope

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