

Consultation on Rents for Social Housing – 8.11.18

About the District Councils' Network

The District Councils' Network (DCN) is a cross-party member led network of 200 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the Local Government Association.

District councils in England deliver 86 out of 137 essential local government services to over 22 million people - 40% of the population - and cover 68% of the country by area.

District councils have a proven track record of building better lives and stronger economies in the areas that they serve. Districts protect and enhance quality of life by safeguarding our environment, promoting public health and leisure, whilst creating attractive places to live, raise families and build a stronger economy. By tackling homelessness and promoting wellbeing, district councils ensure no one gets left behind by addressing the complex needs of today whilst attempting to prevent the social problems of tomorrow.

Consultation response:

Question 1: Do you agree that the rent standard should apply to local authority registered providers from 2020?

The DCN welcomes the Direction on the Rent Standard from 2020 and the Ministry's policy statement.

We believe that the Direction provides certainty for district councils in budget planning for the Housing Revenue Account over a reasonable period. This will help support Councils' plans to borrow and invest in building new social housing. It provides similar certainty for Registered Providers when seeking private finance and planning for future investment in affordable housing.

Question 2: Do you agree that the same requirements should apply to both local authorities and private registered providers?

The DCN agrees with the policy to include local authority housing providers within the scope of the Regulator of Social Housing rent standard alongside housing associations. This brings consistency and clarity across the sector.

Question 3: Do you agree with the proposal to permit registered providers to increase rents by up to CPI+1% each year?

The maximum rental increases of CPI+1% provide security and certainty for social housing tenants. However, there remains a concern about affordability for social housing tenants. Rent increases based on inflation depend on incomes also rising in a similar way. However,

incomes from wages or from welfare benefits are not increasing in line with inflation and there is a risk that tenants will struggle to afford rent increases.

Therefore the DCN welcomes the flexibility included within the policy statement - CPI+1% is a ceiling rather than an expectation. The policy allows social housing providers to consider local circumstances and to be flexible in setting lower rent increases when appropriate.

This is particularly encouraging for local authorities' investment in new Council housing when coupled with the proposals within the Social Housing Green Paper to abandon the proposals for enforced high value sales of Council housing; the recent announcement to lift the HRA borrowing cap; and the possibility of changes to the rules on recycling Right to Buy receipts.

Question 4: Do you agree with the proposed direction as it relates to social rent properties?

We agree with the proposed direction for social rent properties, which will encourage social landlords to continue to invest in new housing charged at social rent levels.

However, we regret the current ongoing inflexibility of the enforced rent reduction for the 4 years from 2016/17 to 2019/20, which continue to impede local authorities' ability to invest in social housing.

Question 5: Do you agree with the proposed direction as it relates to affordable rent properties, including the proposal relating to the re-setting of affordable rent?

We welcome the restrictions for rent re-setting for affordable rent properties, for example on renewal of fixed term tenancies. This will provide some protections against large rent increases for existing social housing tenants.

Question 6: Do you agree with the proposed arrangements for making exemptions from the rent standard on financial grounds?

We agree with the proposed arrangements for local authorities to apply for exemptions from the rent standard where it would be financially unviable, which will allow for flexibility in the system to take account of local conditions.

Question 7: Do you have any other comments on the proposed direction (including the draft Policy Statement)?

We call on the Secretary of State to extend the guaranteed period for the new Rent Standard to 10 years rather than 5 years. This would provide greater confidence for social landlords to plan their investment in new homes and greater certainty for social housing tenants of the affordability of their accommodation.

Contact for further information: dcn@local.gov.uk

District Councils' Network, 18 Smith Square, Westminster, London, SW1P 3HZ

T: 0207 664 3049