Housing Futures Network

HOMES FOR TOMORROW

NEW DIRECTIONS FOR HOUSING POLICY

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Preface

The Housing Futures Network was established in 2008 to examine the future of social housing in the UK. Its members are five of the largest housing providers in the country; Affinity Sutton, Gentoo, L&Q, Places for People and Riverside Housing Group.

Between them, the member organisations of the Housing Futures Network own or manage 253,000 properties. Taken collectively, they have an annual turnover of over £1 billion and assets of £10.5 billion.

The Housing Futures Network strongly believes there is a case for radical reform to housing policy. During 2008, the members held a series of discussions and debates with policy makers and commissioned a number of studies and academic papers. Importantly, the Network also developed thinking based on their own substantial experience of running some of the largest, most complex housing and place making organisations in the UK.

This paper summarises the outcomes of these deliberations and is a contribution to the debate on how housing policy should change, the role that delivery bodies including housing providers can play, and the structural reforms needed to ensure affordable housing subsidies contribute to maximising socio-economic progress in our country.

Introduction

Time for housing policy reform

The Government has acknowledged that the current housing policy system is no longer fulfilling the aims established for it and has commissioned a range of reviews, inquiries, independent reports and evaluations over the past two to three years geared to housing reform.

A Smith Institute monograph, *Visions for social housing: international perspectives*, published with the support of the Housing Futures Network in November 2008, has shown that many post-industrial economies are now experiencing negative social housing outcomes and, like the UK, are trying to create new methods of intervention and models for housing policy that enable access to affordable housing for those unable to access the market.

The study found striking similarities in the policy themes under discussion in different countries and in the desire for reform. Notable shared themes included:

- The need for providers to manage whole places, as opposed to simply being producers and managers of social housing units
- The need to broaden out the role of affordable housing subsidies to tackle wider non-market housing issues
- The importance of breaking up spatial concentrations of deprivation – often at their worst in areas where social housing dominates - and reducing income segregation
- A desire to create more flexibility in the system to deliver a broad range of options to would-be residents in terms of type, tenure, location and tenancy length

A further common theme was that, in those countries without a strong history of third sector involvement in social housing, new public-private bodies are now being developed or are seen as an important part of the solution. Housing associations or their equivalents – regulated private providers with a social purpose - are regarded as key vehicles for achieving a new structure and settlement for affordable housing more in keeping with changed demand.

The Housing Futures Network welcomes the findings of the Smith Institute Monograph and believes that the relevant lessons from this collection of international experience should be built upon as a strong case for reform of our own national frameworks emerges.

Towards a new vision

Housing policy should be all about the basics: ensuring that homes are easy to access, affordable, and enable social, economic and geographical mobility.

It follows that any public subsidy or fiscal incentive directed towards tackling housing need should clearly demonstrate a positive economic result for those it seeks to help. How and where people are housed has a much bigger impact on the nation’s success as a modern society than perhaps has been previously acknowledged. Simply finding someone a social tenancy is not in itself a positive result.

The credit crunch has shown the umbilical link between housing and the health of the whole UK economy. We must modernise our housing system to support the country’s future economic stability.

A new housing policy framework should seek to address concerns of people (consumer demand) and place (spatial supply) in a manner appropriate to a post-industrialised, global economy.

Place making is intrinsically linked to, and affects, not only property values, but households’ social and economic aspirations and outcomes, well-being and health. Currently, the tenure children are born into can have a dramatic effect on their life chances. This needs to change.

Many people, and especially newly forming households, are finding that the homes produced in the past no longer meet their needs in terms of availability, tenure, geography or price. Demand for affordable housing is no longer confined to those groups who traditionally sought social housing. Housing affordability now concerns a very different, much broader socio-economic range of households than it did. For the majority of these households, social housing as we know it is not appropriate, desirable or necessary.

We need to move to a new era, where the aim of housing policy is to enable access to housing which is affordable to a wide range of people.

Adopting this different approach will allow public investment to create the kinds of social and economic returns that have not been apparent in the system for many years.

We should re-activate the positive social role that the private rented sector can play to create a continuum of housing products right across the housing market, closing the chasm that has grown up between the social rented sector and the market for sale, which so many people now find impossible to bridge. Assisting the large and growing 'middle' or intermediate group within our population is perhaps the major challenge ahead for housing policy makers. Products such as intermediate rent and rent-to-buy can help bridge the gap.

A new path for housing provision

Increased housing supply is crucial to achieving these goals. We need to encourage a broad range of providers and investors and create the policy levers and tools that allow them to bring far more affordable housing forward.

Other countries are recognising the key role that independent social businesses, able to span the public and private sectors, must play in delivering affordable subsidised housing. In England we already have the advantage of a strong, innovative and flexible housing association sector that can perform this role.

Housing associations as delivery bodies are in a unique position to deliver housing options – to offer a continuum of products across the markets, alongside other specialist market providers, and to break up the spatial concentrations of housing poverty that are contributing to poor social and economic micro and macro outcomes.

However, this paper argues that to maximise the ability of all providers to deliver a much broader, more effective set of policy aspirations, there needs to be a new approach to public funding, with a mix of investment by the state and private finance to create the product and a 'rebalancing' of subsidy between capital and revenue to secure an affordable rent. A revised financing model is essential if we are to achieve the volumes and quality of sub-market affordable housing we need.

What needs to change?

The solutions we advocate provide a suggested way forward for housing policy and housing finance, with a more powerful contribution from housing associations towards meeting wider socio-economic policy goals.

There are four key elements of change needed to enable housing associations to deliver that contribution:
- a redefinition of the **purpose** of, and restructuring access to, state subsidised housing
- the creation and delivery of new housing and financing **products**
- a clear recognition of the value of housing association independence and a pragmatic approach to legitimate **accountability** requirements
- a **regulatory system** that is outcomes-focused and allows the flexibilities and freedoms needed for effective delivery into neighbourhoods

The sections which follow outline more detail about how this might work in practice.

Summary of key policy action points

- Subsidised affordable housing supply needs to grow very substantially to deliver the homes necessary to help those with genuine housing needs, including many groups currently excluded from a severely rationed product. We present a range of new policy interventions offering an opportunity to radically re-make our housing subsidy system to fit 21st century needs.

- A new housing access system would establish the 'optimal' tenure mix, according to local market conditions and lettings would be made to maintain the desired mix, subject to regular reviews. A much stronger pre-registration housing advice and support service would ensure people understand the range of options open to them and are supported to access appropriate homes.

- There needs to be revision of statutory obligations to homeless households, which can sometimes create perverse incentives for applicants to make and/or present themselves as homeless or vulnerable. There must also be recognition that long term vulnerable groups need greater support, beyond the provision of housing, and that housing support should come with opportunity and should not concentrate vulnerability.

- A new development model is needed for the current climate, with the Government taking the lead by investing money and public land in trusted partners. Longer term, government investment should be divided into grant subsidy to keep rents affordable and equity to help fund the product.

- Greater rent flexibility is essential to an effective housing association social and economic contribution going forward. Subsidised affordable rents should be based on the local market rent and should reflect the size and quality of home. Government grant subsidy to providers would create a discount against the market rate for residents.

- State support for housing should better reflect the way residential investors behave. The Government should encourage new investors into the subsidised affordable housing market by developing a new residential Real Estate Investment Trust model. The cost of necessary tax breaks could be offset by potential social and economic gains.

- Active asset management strategies to break up existing concentrated areas of poverty and deprivation should be specifically encouraged and incentivised. In certain places, this may require more radical restructuring of an area.

- Permanent tenancies should continue but not necessarily confer permanent significantly subsidised rents. People might be encouraged to move through different rental price points as circumstances allow, including moving to market rent, shared or full ownership, and trading back down if necessary. The potential and benefits of a new 'intermediate' form of tenancy, sitting between assured and assured shortholds, should be examined.

- Housing Benefit needs major reform. A portable housing allowance would help people to make their own choices about appropriate housing for them. Housing welfare should be brought into line with the rest of the welfare benefits system, focusing on the individual. The housing allowance must be paid direct to the landlord to ensure consistent cash flows, maintain lender confidence and prevent re-concentrations of deprivation.

- The local authority role in delivering neighbourhood quality should be properly defined. Neighbourhood services could then be outsourced, depending on local authority policy and resources. Housing associations could contract to supply neighbourhood development services. This would create clarity of responsibility and avoid waste and duplication.

- The creation of the Tenant Services Authority is an opportunity to reconsider the accountability and regulation of housing associations. Governance of the public interest and public investment in private organisations is highly inconsistent. Many private organisations receiving very substantial public funds are lightly scrutinised while others are heavily regulated. A fair, consistent model is needed.

- Housing association independence has brought huge benefits to Government and residents through an injection of more than £60 billion of private finance and reserves so far. Fulfilling new social and economic goals in housing will require housing associations to play a key role and makes it essential they maintain their independent nature and capacity.

- Housing associations already have much stronger formal accountability structures to protect stakeholder interests than they are given credit for. Improvement is important, but this should be a pragmatic debate, geared to social and economic results, and not political point scoring or philosophy.

- Regulation of housing providers must be proportionate, outcome focused and risk based. A small number of high level regulatory standards, backed by self-certification and supported by independent external audit and challenge, would deliver the protections the state and tenants legitimately require, while allowing the flexibility of action housing providers will need.

- The traffic light system should be replaced by a regular monitoring framework based on three critical tests – resident satisfaction, financial viability and effective governance.

- Service standards would be co-designed by housing providers and their residents, and examined by residents using a range of consumer techniques. These standards would form the baseline national standards. A small number of high level performance measures would emerge from the standard setting process. This would create the basis for comparative performance analysis.

- Audit Commission inspection should be 'problem-based' – triggered by ongoing poor or declining customer satisfaction levels. Inspection should be concerned with service improvement and should not be adversarial except in extreme circumstances. It should focus on auditing self-certification and the tenant experience to check that service agreements and standards are being met.

1: Purpose

What is the purpose of state intervention in housing?

The current model

The original purpose of state intervention in housing was to provide improved accommodation for those living in slum conditions and to house the workers from the 19th century onwards in our increasingly industrial society. Initially, this was carried out by employers and voluntary organisations, with the state taking a much stronger role in helping to house people little more than a century ago.

The relentless reduction in the supply of social housing has undermined this socio-economic purpose of supporting lower or modestly paid workers and has been lost in the post-industrial era to be replaced by a welfare model. Today, affordable subsidised housing is provided almost exclusively only for those in the greatest housing need. The trend has been reinforced by selling off stock (through Right to Buy and other programmes) and consistent under-investment in new supply. The state subsidised housing stock fell from 32% of England's overall housing stock in 1979 to 18% in 2005.

Permanent low rent tenancies have remained, even as the stock has been increasingly rationed. This limits mobility, lowers turnover and makes innovation and quality of product more difficult to achieve. In the decade to 2007, the annual volume of lettings slumped by 40%, mainly due to the sharply reduced number of vacancies arising from former tenants moving out of the sector.[1] Low rents also lead to problems with ongoing investment in existing stock, making it difficult to maintain good stock quality over time.

Severe rationing of demand to the most needy has created a number of negative, inter-relating consequences, particularly:

- Concentrating deprivation and poverty (and often social alienation and lack of aspiration)
- Perverse incentives to 'become' homeless or establish a worse housing position
- Poorer socio-economic outcomes for those in social housing, including educational attainment, health and difficulties moving from welfare to work
- Poor public image and social stigma
- Re-letting systems (including through Choice Based Lettings systems) which reinforce deprivation

State subsidised housing is now clearly a tenure of last resort. It is no longer delivering optimal socio-economic outcomes and has started to positively limit life chances. This is entirely contrary to the Government's core objectives for state intervention. The system is broken and needs to be re-made.

What should the modern role of state intervention in housing be?

There is little doubt that state housing subsidy performed a more effective role in society when affordable housing supply was significantly higher and more people living in affordable housing worked, i.e. when it had a widely accepted socio-economic role in the progress and development of society.

This socio-economic role is crucial to any rationale for state subsidy in housing. But we cannot achieve a better future by looking to the past. The issue now goes far wider than housing lower paid workers and getting rid of slum conditions.

Overall, our housing markets have become dysfunctional. The private market for sale is in danger of reverting to a tenure accessible only by the wealthiest in society and, even allowing for the effects of the credit crunch, the analysis from the National Housing and Planning Advice Unit suggests serious affordability concerns will continue and potentially get worse. Meanwhile, the affordable subsidised tenure is helping to reinforce deprivation, rather than actively supporting people to escape it.

Consequently, we now have a sizeable section of the population who are not eligible for state subsidised rented housing, but do not have the financial resources to afford to own their own home. According to recent Hometrack research, the proportion of younger working households falling into this category is over 28% across the country, 36% in the South East and over 40% in the South West and London.

[1] Sector Study 62, *Analysing key trends in the supply and distribution of social housing lettings*, Housing Corporation Centre for Research and Market Intelligence, published 25 November 2008.

A small number of this group find their way into shared ownership. But the large majority of them are forced to pay a market rent they can hardly afford, overstretch themselves to get onto the ownership ladder or live in housing conditions they would not choose and which, at worst, will be unsuitable or unfit. These people are generally hard working contributors to society, but see their efforts and their personal aspirations blunted by our unfair housing system.

This has to change. We need to break down the growing dividing lines between the state subsidised and private sectors and meet the legitimate needs of the increasingly large group who fall somewhere in between.

At the same time, the welfare model of state supported housing is now serving unwittingly to reinforce the established link between poverty and unemployment, with too many estates developing a culture of worklessness.

Access to affordable subsidised housing can play a role in overcoming poverty, as past experience shows, and the Hills review for the Government in 2007 called for the connection between affordable housing and 'getting on' in life to be rekindled. This is an important social purpose. But it has to be allied to reform of the benefits system and other fiscal and social policy changes.

Housing changes are only part of the solution. Worklessness is reinforced by a state benefits system that continues to produce work disincentives. If the financial barrier for 'escape' is set too high, then it becomes a logical choice not to work. Intensive training, skills and employment programmes also need to be funded to a scale and longevity that make a genuine difference in communities.

In today's society, then, there are two core roles for subsidised affordable housing:

- To provide permanent housing for people who will never be in a position to access market homes, such as poorer older people and more vulnerable people
- To provide a springboard for working age, able people who need support for a period of time to help them access (or re-access) market housing

This latter group represents a key and growing segment of society, comprising many of those currently housed in state housing as well as those on modest and average incomes for whom the market remains out of reach, but who are currently excluded from help.

This implies a different model for state intervention in housing. We need to find ways to reduce or eliminate concentrations of deprivation and low aspiration, overcome the sense of social stigma and failure sometimes associated with living in a social home, re-evaluate the social tenancy structure and continue to reform the benefits system.

Fulfilling the purpose

We need a system that is less rigid and more flexible. We need balanced and stable communities, but not stagnant ones. We need a clear 'market pathway'; a continuum between subsidised state housing and market sale, rather than polarisation and an unbridgeable divide. And we need to encourage people to feel they have choices in life.

Assisting all of those who have a legitimate call on some form of housing subsidy cannot be achieved through the current model of providing state supported housing. Affordable housing supply needs to grow very substantially to deliver the homes necessary to help those with genuine housing needs. We need new ways to generate supply and new ways to access affordable subsidised housing.

This demands:

- New subsidised housing products, financed in new ways
- More flexible use of existing subsidised housing to deliver greater tenure mix
- A different approach to rents so that they better reflect local markets and the cost of meeting government quality demands and supply requirements
- A system of personal housing subsidies that avoids concentrating deprivation, offers individual choice and incentivises work and wider ambition
- A better 'point of sale' advice service, so households understand the options available, including as circumstances change, and can choose the housing option most suitable for them

The remainder of this section and the section on 'product' tackle these issues.

Strong delivery agents

If more housing supply and new ways of working are critical to make a new model of state intervention in housing work, then we need to ensure the delivery mechanisms into the market are efficient and effective.

For the past 20 years, housing associations have been the main providers of new affordable subsidised housing and, more recently, the Government has encouraged new competition from private developers, ALMOs, local authorities and special vehicles incorporating different types of provider.

We believe a range of providers will be essential to boost the numbers of new homes delivered for the subsidised affordable market. Competition is also likely to sharpen the offer to the Government and secure better value for public money.

We accept competition, but would argue that housing associations remain unique in their ability to deliver. Unlike private developers, associations are social businesses channelling surpluses back into communities rather than into shareholders' pockets. Unlike local authorities, housing associations have the flexibilities to borrow significant sums in the financial markets without contributing to the Government's borrowing requirement. Unlike ALMOs, we are independent organisations, able to determine our own policies.

Equally important, housing associations have a strong track record of working to provide homes and services across different tenures. As well as providing outright sale homes and subsidised rented homes, we are easily the most experienced providers of the intermediate tenure homes which are becoming such a key part of the market, and we have become increasingly creative in developing new solutions for this market segment.

Housing associations have proved highly flexible and adaptable operators, successfully delivering a wide array of government policies. The best housing associations have a huge amount to offer in the delivery of any new housing market model.

Modern access systems

The point of access into the affordable subsidised housing system must also serve to reconnect state intervention with its socio-economic purpose.

We would encourage a much stronger pre-registration housing advice and support service, as advocated by Hills and, latterly, by the Chartered Institute of Housing. Many people do not understand the options available to them or how they might be supported into a range of potential solutions to their housing needs. The revised model we are presenting will expand those options and, potentially, the providers of subsidised housing. This will make it more critical that people are aware of what choices are available and the implications of their choices before making decisions and registering on a waiting list. Regular, scheduled circumstances checks as part of the welfare system would offer opportunities to re-assess housing options and choices.

The use of housing options centres as the conduit for accessing affordable housing (as developed in The Netherlands) could provide a way forward here.

When people do join the system, we need more efficient lettings processes, which support choices and do not, as happens with the current allocations system, inadvertently reinforce some of the social exclusion issues we are looking to overcome.

Our current housing communities are socially engineered by default, concentrating disadvantage and mono-tenure. We would do well to acknowledge this reality and aim for a lettings system which openly aims to deliver an 'optimal mix' for the local housing community, responding to local market conditions. Housing offers would be made to maintain the desired mix, rather than to support only the most needy, and the mix could be reviewed annually. Current nomination agreements would give way to more sophisticated lettings plans.

Conclusion

The idea of a specific 'house' that must be 'social' in perpetuity is outmoded. What remains vital is that people who need a form of subsidised affordable housing should be able to access it. At the moment, this does not happen. Our current model of state supported housing excludes large numbers of people with legitimate needs. And those who do make it through the system too often end up trapped in a home, location and financial situation which they see no way of improving.

The Government can only deliver on its policy of housing choice and its wider social and economic objectives by changing the basis on which state support for housing is conceived and delivered. Housing subsidy should be flexible so that it can respond to the changing needs of households rather than being tied inextricably to the bricks and mortar of a particular home.

Our proposals here and in the product section offer a basis for discussion of a new approach. We believe we can reconstruct subsidised housing and present it as an opportunity to move on in life, regaining its place in the social landscape as a valued form of tenure.

However, this is not a housing question alone. Without substantive reform of Housing Benefit, the wider state benefit system and other fiscal and social policy measures, the results will be significantly diluted. Affordable housing providers do not create poverty and there is only so much we can offer to enable people to escape it. Government and other agencies must play their part in creating opportunity and leading the way to reform.

2: Product

What should housing associations do?

The housing association role

Until the 1980's, housing associations played an important intermediate role, as a bridge between public (council) housing and the private markets. This was a narrow role, focused almost exclusively on housing.

In the last 20 years that has blurred with the local authority housing role, as rationing of state subsidised housing has become more severe, local authorities have been largely prevented from building new homes and councils have transferred stock to deliver new investment. Housing associations now own more state supported housing than councils nationally. This blurring of boundaries includes a duty to support the statutory housing duties of councils through nomination agreements, generally using a single local waiting list or Choice Based Lettings system.

It also includes housing associations taking on a number of 'housing plus' functions such as supporting wider community management and sustainability that were traditionally local authority roles. There is now little clarity around where the role of housing associations ends and the responsibilities of local authorities (and increasingly social services, the police, health professionals and others) begin. This can lead to a lack of clarity for citizens as well as tenants, tensions and inefficient service delivery.

In the previous section on the 'purpose' of state intervention in housing, we show how the effects of rationing supply make it very difficult for subsidised housing to perform an enabling socio-economic role. The blurring of roles between different housing providers has also helped create a huge gulf between state supported housing and the market, which is all but unbridgeable.

To deliver socio-economic objectives more effectively, housing associations should develop a flexible product which recreates the bridge through from the social product to the market product, actively seeking to support people to move along this bridge, and clarifying the nature of associations' wider community role.

Re-establishing this unique position for housing associations means our relationship with the state as funder and our relationship with local authorities as local housing and community service providers needs to change.

Local authorities should remain the key strategic local organisations. They have statutory powers and duties that housing associations and the private sector cannot replicate. The housing association role should be about delivery of homes and services via clear contractual arrangements with the state and other local partners.

The development product

Rental and buying options

The credit crunch and the slump in the housing market have exposed the weaknesses of the current model of producing affordable subsidised housing. Cross-subsidy from sales and shared ownership is now severely limited, the S106 market has stalled and mortgage availability is poor. Where lending is available, the terms are worse. Housing approvals are turning down and housing association starts are bound to fall.

The current economic climate presents an opportunity to review the fundamentals of the housing model and offer a wider group of people, including prospective buyers, increased choice and mobility.

A new model should:

- create mixed communities by stimulating a new intermediate rented sector and offering a range of rents to people on a range of incomes.
- avoid encouraging home ownership for those who can barely afford it, or creating personal or institutional dependency on profits from short term house price inflation.
- offer people the option, but not the obligation, to buy some or all of their home when it suits them, and the option to move from ownership into rent if circumstances change for the worse.
- see the Government taking the lead by investing first and transferring public sector land to trusted partners, with greater volume and efficiency being delivered as economic conditions improve, investor confidence returns and people exercise their option to move into full or part ownership.

- be accompanied by a re-examination of the nature of government investment, perhaps separating future investment into two elements - grant subsidy, which is needed to deliver affordable rents, and equity which can be combined with private finance, to fund the product. Once spent, subsidy cannot be returned, but it can be continually reviewed and adapted to suit changing individual circumstances. Equity can anticipate a share in future gains and losses, it can be repaid, it can be recycled and reinvested, and it can be sold.

The advantages to Government of this approach are:

- Additional government investment will not result in a large increase in grant rates, as it will take the form of equity (which will supplement grant).
- It will enable housing associations to get on with building now without taking the up front sales risk (although some might choose to share that risk)
- Government will be given the opportunity to share risk and reward, for repayment, reinvestment or sale.
- This approach can be applied to manage current sector exposure, but it also has long term potential to replace the current model.

Housing associations are in a unique position to deliver this kind of new model and increase supply through social enterprise – we are committed to communities for the long term; our surpluses are constantly recycled and reinvested and our debt financing supports long term goals, not short term shareholding.

Our operational model will also allow us to use sale surpluses to a larger extent to boost supply when prices are going up, while concentrating on more affordable homes at lower cost in a downturn.

Increasing supply

The injection of government equity is key to kick-starting better supply of new subsidised housing in the current market conditions. The concept of Government providing equity is not new (some private sector partners, such as Urban Splash, are already benefiting from government support of this kind) and could be introduced quickly. As economic circumstances change and recovery gathers pace, we see the potential for Government to reduce the equity injections needed and for new private equity funding from large institutional investors like pension funds to come forward.

To date residential Real Estate Investment Trusts have not been attractive to institutions because the prospective returns have been too low compared to other investment options. However, a REITs-style vehicle could offer an opportunity to significantly increase the scale of funding going into new rental market supply over the medium term. Through government subsidy these homes can be made affordable to lower income households.

While tax breaks would almost certainly be necessary to generate the investment returns required, pushing up housing supply to levels that can recreate the positive socio-economic purpose of subsidised affordable housing needs the input of institutional funds. The cost of tax breaks could be offset by potential gains, such as lower costs of temporary accommodation, unemployment benefit costs and higher tax revenues from employment.

Government will be best placed to encourage the institutions into the residential rental market. Individual housing associations are unlikely to have the scale necessary to make this happen. It needs to be seen as a sector-wide opportunity.

The ongoing financing model for delivering new subsidised affordable housing would then become a powerful mix of government equity, private equity and registered provider debt.

Using the existing product better

The existing state subsidised stock represents a very significant resource which we are not using well at present. As we have shown, we need to break up the concentrations of deprivation on existing estates and make the homes work in support of socio-economic goals once more.

We are now building a good mix of incomes and tenures on new estates. We need to create a much greater mix on existing estates too to help tackle the problems of concentrations of deprivation highlighted by Hills and others.

This can be done through more active asset management - selling homes, changing a proportion of homes to shared ownership and/or delivering a range of sub-market and market rented price points on estates. In certain places, more radical restructuring may be necessary to achieve the desired outcome.

All rents should be based on the local market rent and should reflect the size and quality of the home. Housing associations would provide those who need it financially with a discount on the market price, based on income and delivered via a mix of government investment, social housing grant and personal subsidy through the benefits system. Those who wish to should be able to buy additional services as they choose from a 'menu' in return for additions to the rent.

More rent flexibility is essential. In London, for example, subsidised housing rents average around 40% of market rents and confer a permanent very substantial discount to the market. This is a poor use of scarce resources, making it difficult for the resident to see any prospect of moving on and difficult for the landlord to invest in improvements and new supply. Nationally, housing association rents average around 50% of market rents for equivalent sized homes.

Property size and quality also have too little impact on rent levels, unlike in the private rented sector. This makes it harder to produce better quality, larger and more environmentally-friendly homes.

Conferring a permanent tenancy should not necessarily mean conferring a permanent significantly subsidised rent. People might be encouraged to move through different rental price points as their circumstances allowed, including moving to market rent and shared or full ownership. This could be within their current home, the local estate or elsewhere with a financial or other incentive. Residents could also be able to trade down between tenures or rental price points, if circumstances required.

Another option might be the introduction of a new form of 'intermediate tenancy', offering longer and greater security and price assurance than assured shortholds, but more flexibility and a clearer legal process when the contract breaks down than the current assured tenancy.

Permanent tenancies must be available for older people and more vulnerable people unlikely to be able to escape their situation with sufficiently subsidised rents continuing while that situation persists. But we need to consider further flexibilities in how we treat able, working age people, incentivising them to pay a rent that relates better to their changing personal capacity.

Individual affordability and choice

The benefits system must play its part in enabling this new model to work. We welcome the Government's moves towards reform and we would encourage a bold reform of Housing Benefit to support a subsidy system for housing based against market rents.

A housing allowance would help people make their own choices about appropriate housing for them. A new system would also allow the Government to reconsider issues such as benefit tapers and benefit run-ons when work starts. It would bring housing welfare into line with the operation of the rest of the welfare benefits system, which focuses on the individual rather than the service they require. It follows that the housing allowance should be administered not by local authorities, but through the Benefits Agency as a properly integrated part of the benefits system.

The allowance could be fixed according to local market conditions, reflecting the local subsidised rent levels offered by providers, and varied according to home size. Incentives might be added to the allowance to support moves into work (and ensure 'work pays'). One-off incentives could be used to support moves into shared ownership or full ownership. This would help housing mobility.

Regular checks of changing financial circumstances, as used in other parts of the world and our own welfare benefit system, would determine continued eligibility for the allowance, the rate and any 'additional incentive support' to move between price points.

A personal housing allowance could also help widen and increase the supply of affordable subsidised housing, because it would have the potential to open a far larger segment of the private rental sector to voucher recipients than that currently accessed through Housing Benefit. This would broaden the locations and areas where subsidised housing was found, helping to reduce high concentrations of deprivation and poverty and promoting easier mobility. It could also help to drive up quality standards at the lower end of the private rented sector by increasing competition.

However, it remains crucial that the allowance for any subsidised housing is paid direct to the landlord. This is important to mitigate against poorer people choosing to congregate in areas of poorer housing (and potentially using any remaining allowance as additional income), as well as to ensure a consistent income flow to providers of subsidised homes to support ongoing business. Certainty of income is vital to maintaining the confidence of private lenders to the sector.

The neighbourhood product

As long term neighbourhood landlords, housing associations have a clear and lasting interest in ensuring the places where we have homes are sustainable, desirable places to live. Good neighbourhood environments provide good places to live for residents, protect the value of our assets and keep our management costs down.

In addition, we have a clear interest in supporting strategic local authorities in place shaping. We have developed strong expertise in regenerating areas and creating new neighbourhoods, through a mixture of physical change, including delivering mixed usages, and social and economic progress through economic and community development initiatives.

However, there is a legitimate question around how far the housing association role in communities should extend and what basis it should be on. We need clarity in local roles and responsibilities and in how services into communities should be funded, regulated and accountable.

A statutory framework for neighbourhood quality would establish that clarity. The local authority role would be defined and other organisations could contract to deliver neighbourhood services the council wished to outsource. A defined 'decent neighbourhood standard' could act as a possible mechanism for establishing the framework. This would also support the Comprehensive Area Assessment model being developed by the Audit Commission.

Housing association social, economic and environmental development services in communities would then be delivered on a contractual basis. This would ensure a more coherent and efficient way of delivering the range of services a community needs.

Housing associations' pricing would reflect their own business interest in the long term social and economic sustainability of the community and in protecting the value of their assets, i.e. making a profit would not be the overriding motive; adding value for local partners and residents would be motivations too.

A contractual model for neighbourhood services would reduce duplication, confusion and administrative complexity and allow for far better performance accountability. Monitoring would be performed through the local authority, the Comprehensive Area Assessment and through the housing association's local resident involvement forums. This would obviate any need for specific regulation of these services by the Tenant Services Authority.

Contract working could extend to local authorities who do not wish to transfer stock choosing to discharge their statutory housing duties through willing housing associations or other providers.

However, not all housing associations will have the skills or resources to undertake neighbourhood services contracts and some will prefer to keep a narrower focus on ensuring the core housing management service is strong. 'Housing plus' provision must be a choice for associations, not an obligation.

Conclusion

Neither housing associations alone, nor housing associations and Government alone, can deliver the level of financing necessary to create the volumes of subsidised affordable housing which are necessary to meet genuine housing requirements. We need the input of private institutional funds to support effective delivery of important social and economic policy objectives.

The new model of delivering a subsidised affordable housing product will have to be based on the private market cost of housing. The private rental market can only sustain itself by charging a certain level of rent. Similarly, independent housing associations can only deliver long term sustainability by charging a market-based rent, discounted by government subsidies. The current subsidised housing rent model will ultimately denude the sector of quality homes and environments, to the detriment of residents' quality of life. Rents will have to reflect the cost of provision, management and maintenance more adequately.

At present, all around the country, different housing associations and partners are seeking to create differing products and financing models to overcome the difficulties inherent in the current funding model for state supported housing. Most of these initiatives will be small scale and add complexity to an already far from simple product offer. We need a single national product framework to drive activity and ensure customers gain from a coherent, understandable system and range of products.

We also need a new accord with local authorities – one which recognises our respective community roles and strengths and plays to them. This can no longer work as a ‘gentlemen’s understanding’. The system is too financially constrained on all sides for informal agreements to work and we must actively seek to avoid duplication. It needs to be contractual.

New affordable housing products and ways of working would offer real opportunities to break the chain of dependency that constricts the lives of too many people living in social housing.

3: Accountability

Who should housing associations be accountable to?

The nature of accountability

Given that we have advocated a new financing model for housing associations in our product and purpose sections, it is important to examine whether the current structure of housing association accountability and regulation fits with what we propose and supports the ability of associations to deliver the social and economic results we all wish to see.

The nature of accountability in organisations is not always straightforward.

Purely public organisations gain their legitimacy from the democratic nature of the state, through the ballot box. Purely private companies are accountable first and foremost to their shareholders.

However, even these models of accountability are not without complications. Voter turnouts have been declining. Some local council elections have seen turnouts of under 30%, which means the winning party's mandate effectively comes from sometimes less than 20% of the local electorate. Also, the development of the quangocracy has made the direct accountability of some important public bodies more opaque.

In the private sector, large institutional shareholders are clearly in a very different position to small shareholders when it comes to holding a company to account and private sector companies are still plainly accountable to the state through the need to satisfy regulatory requirements and keep within the law. The end user or consumer of the product or service also helps determine the shape of the offering through their behaviour and so influences the behaviour of the company.

But ownership of public or private companies seems clear, even if accountability is not quite as obvious as it seems.

On the other hand, the ownership and accountability of housing associations seems less clear in recent years, as associations have sought new ways to continue delivering against government objectives despite increasingly constrained income levels. The blurring of the housing association role with the local authority housing role has also confused the ownership and accountability debate and injected a political dimension.

In reality, organisations of whatever sector have to be accountable to multiple stakeholders. The important issue is finding ways to make the accountability to each set of stakeholders effective. To improve the accountability of housing associations, the debate must become less political and more pragmatic. What matters is what works.

Housing association ownership

Work undertaken by CLG at the time of the Cave review sought to clarify housing association ownership. The results were inconclusive.

Most housing associations are Industrial & Provident Societies and probably owned in legal terms by the shareholders or the board or some combination of the two. They are not owned by their beneficiaries or the Government or their residents, but whoever owns them does so on behalf of the 'public interest'.

The combination of public, private and charitable funding and the application of significant scale (for which the IPS model was never designed) has led to further ownership complexities, exacerbated by housing associations now performing roles that used to be the preserve of public bodies, particularly local authorities.

Many associations are now also charities, with assets held in trust for the community and board members with a legal duty to apply those assets for the charity purpose. Exempt charity status has brought important tax benefits (although these are being eroded), but also has disadvantages because it limits desirable activity and adds complexity by making it necessary to set up Special Purpose Vehicles and other vehicles for non-charitable business.

So some housing associations now have a mix of charitable and non-charitable group members on top of the IPS base.

As associations have become more significant actors in local communities, including through stock transfer and as the main providers of affordable housing, questions about accountability and ownership have become more frequent and political. The Weaver case regarding the status of housing associations has raised concerns in the sector, though some MPs seem to believe associations should be part of the public sector and accountable through the democratic process, despite the public sector borrowing impacts.

But this is not, by definition, how non-governmental organisations work.

Housing associations might equally ask why our accountability and regulation should not be on a par with the private sector. After all, our ownership models are clearly more third sector or private sector than public sector.

Many organisations receive public money without being part of the state (including private companies, such as housebuilders, private nursing homes, private sector landlords). The private rented sector benefits from very substantial Housing Benefit payments and private regeneration companies can receive more public grant per home than housing associations, with few questions asked about their accountability. So it seems somewhat perverse that housing associations, which voluntarily offer so much more to the public realm, including greater resident involvement in decision-making, face far more intense scrutiny of their operations.

The fact is that governance of the public interest is best managed in other ways than turning most organisations acting with a social purpose into state vehicles. And we are clear that housing associations must play a more, not less, distinctive social role.

Associations have developed different models of ownership for a reason. Complicated as they are, the range of ownership structures has allowed them to thrive as social businesses and to make a formidable contribution to supporting the Government's social inclusion and regeneration objectives.

One of the reasons some local authority responsibilities have passed to housing associations is because of their relative freedom from state control and their consequent operational flexibility and financial capability to run or host a wide range of large scale and complex projects. Government has encouraged this trend.

By being independent associations have borrowed £50 billion of private money and levered a further £13.5 billion of their own reserves into affordable housing and communities. Meanwhile, successive Governments have invested £30 billion. Housing association independence has effectively trebled investment into affordable housing. It looks neither desirable nor sensible (for the foreseeable economic future) for Government to bring associations into the public sphere. Moreover, the new financing model we propose is market based.

The reality is that housing associations are, and must remain, independent bodies and it makes sense for them to choose the ownership structures which work for them. The crucial point is that, irrespective of ownership, housing associations must be able to contribute to long-term affordable housing and social goals.

Who are associations primarily accountable to?

The key accountabilities are to:

- Those who fund them – lenders, the Government and other local funders
- Those who use their services – customers and potential customers
- Society - through the laws of the land and their social purpose

Relatively strong formal accountability structures already exist to protect stakeholder interests:

- Regulation and inspection govern the relationship with Government and ensure a level of accountability to residents for service quality
- Loan agreements set down accountability to lenders
- They are currently accountable to local authorities through nomination agreements and other local contractual and non-contractual agreements

Formal accountability to Government and residents will be strengthened through the resident focus of the Tenant Services Authority and the investment power of the Homes and Communities Agency. Local Area Agreements may strengthen our accountability to local authorities.

Housing association internal governance structures also support accountability to stakeholders. Those involved on the main boards or lower level boards/committees of associations include independent local people, residents, representatives of local partners and sometimes local councillors, often with a good level of delegated responsibility.

Associations also put large amounts of performance information, including comparative data and information about service standards, into the public domain to help stakeholders make their judgements.

Taken together, these mechanisms provide a broad model of social accountability and the idea that housing associations are less accountable than the vast majority of other private or quasi-private organisations is wrong. In fact, the opposite looks true.

However, we do accept there is always more to be done to improve accountability, and in particular to demonstrate that customers are receiving high quality services which are value for money. The quality of scrutiny and the cost effectiveness of some accountability structures are also important areas for further discussion. We are clear, too, that a new compact is required with local authorities, including on nomination agreements, if we are to avoid further concentrating deprivation and to begin to widen access to subsidised affordable housing.

Conclusion

Overall, the housing association accountability model appears to stand up reasonably well. But, clearly, housing associations have grown enormously in scale and complexity since the current accountability processes were devised and we recognise that we work in a field where public illustration of good accountability is important.

The creation of the Tenant Services Authority (TSA) is a new opportunity to reconsider the accountability of housing associations and we look forward to working with the TSA on how this can be achieved. For example, we would support research into whether there are successful accountability models being used for equivalent organisations in other sectors which we could learn from.

Our arguments about the future purpose of social housing, and the product and financing model to deliver that purpose, are based around trying to make certain that subsidised affordable housing achieves its desired social and economic goals. The accountability and regulatory regime needs to ensure housing associations enjoy the operational freedoms necessary to deliver on those goals.

Delivery depends on housing associations being able to draw in extra resources, through rental income, loans, private equity and, in the current climate at least, via government support.

The tendency in recent years has been for Government to seek to impose greater social and economic demands on associations, while squeezing down on their real income through the regulatory process; the principle being that associations have the reserves and access to resources to manage and they should ‘sweat their assets’. This is no longer a sustainable position. Housing associations need to work to strong financial models and balance sheets. The more our balance sheets are eroded, the less impact we will have in creating high quality places to live and contributing to social and economic improvements in communities.

It is right that the TSA focuses on ensuring housing associations are properly accountable to the consumers of our services. Proper scrutiny and challenge around the service offer is perfectly legitimate and, broadly, to be welcomed as contributing to organisational effectiveness.

In pursuing that goal, we need the TSA to keep its eyes firmly on the larger prize – maintaining the opportunity for providers to maximise their social and economic contribution and avoiding an over-constriction of operational freedom and enterprise.

4: Regulation

How should housing associations be regulated?

The new regulatory model

The Housing & Regeneration Act gives the Tenant Services Authority greater powers than previously applied to housing association regulation and offers the potential for a fresh start.

What is critical now is to develop and finalise the regulatory framework in a manner that properly protects residents and the use of public money, while allowing housing providers and other registered providers the flexibility they need to deliver powerfully on physical, social and economic policy objectives within communities.

For the 'product' and 'financing' models we have set out to be effective and encourage new providers and new investment, we need simple and practicable regulation. The basic equation is that too much or over-complex regulation will lead to fewer new homes built or acquired, while simplicity will encourage increased supply.

The core principles of regulation

The system of housing association regulation should have the following key features:

- It must be proportionate
- It must be outcome focused
- It must be risk based

The resources that the TSA is likely to have available to fulfil its role suggests that a system broadly based on the co-regulatory proposals of the Cave review, with self-regulation backed by a graduated scale of regulatory interventions, is appropriate. Self-regulation can be independently validated as necessary.

Focusing on outcomes and risks will help to keep the system proportionate, targeted and manageable for all parties. As Cave noted, the minimum degree of intervention necessary to achieve the key regulatory objectives is now accepted good practice. The regulator could focus on a small number of nationally produced standards and measures and each provider would have the flexibility to operate in accordance with what works in the local situation.

Beyond this, there is a need for the new regulatory system to overcome some of the weaknesses that have been evident in the Housing Corporation's approach in recent years.

Regulation needs to be:

- **Appropriate** – Taking proper account of the independent nature of providers, the significant variation in housing providers' scale and breadth of activity as well as size, and basing assessments more obviously against the probability of risk crystallising.

- **Competent** – Housing providers have become highly complex and sophisticated bodies over the last decade. Regulating them requires very high calibre staff with genuine understanding of and capability to deal with the complexities involved and the ability to act objectively and impartially.

- **Mature** – The objective of regulation is to monitor performance and spur improvement where it is needed. It should be a motivating and innovatory force for the association. Enforcement options should be held in reserve. Generally, regulation should be a dialogue between equals about business direction and risk, rather than a way to have everyone following a narrowly defined path.

- **Accountable** - Equally, we need to ensure that the system is simple and transparent to providers, that it applies rules and standards in a consistent way, and that the regulators are able to justify and account for their decisions, particularly for information which will be placed in the public domain.

Replacing the traffic lights

The TSA has announced its intention to replace the traffic light system of annual assessment of housing providers. We recognise the need for a regular monitoring framework and the framework clearly needs to focus on protecting the interests of residents and protecting public investment. That protection can only be delivered by organisations which are effectively governed and financially viable.

This leads to the conclusion that the new system should be based around:

Resident satisfaction
This incorporates overall satisfaction measures, satisfaction with core services, resident involvement and a broad assessment of the association's social and economic approach to improving communities. The system should be nuanced enough to recognise that context counts – direction of travel of satisfaction figures will be more important than the satisfaction score itself, except in extreme cases where services are clearly failing. Satisfaction could be benchmarked through a standard set of questions on core services within the STATUS survey.

Financial viability
Largely monitoring performance against key ratios and ensuring that operational, growth and development plans would not place the association at undue risk. The regulator should distinguish between the strength of the core business and the risk implications of discretionary activities, and housing provider business plans would need to facilitate this by differentiating clearly between different business streams.

Effective governance
An assessment of the quality of board control over the organisation, based against a governance standard. The role of the regulator should not be to act as a shadow director or governance body, but to ensure the provider's own governance systems and personnel quality are sufficient to protect tenants' interests and the public money invested and to deliver proper accountability to stakeholders.

A satisfactory annual assessment across these three areas would indicate that the provider is operating efficiently and would avoid the need for a separate efficiency measure. Our equity funding model would also remove the need for a separate measure around development, though a satisfactory assessment would naturally give comfort to the Homes & Communities Agency around the safety of its investment.

What might regulation look like?

Resident satisfaction
Resident satisfaction will be directly related to the quality and range of services supplied to residents by their landlords. Housing providers clearly have a vested interest in ensuring resident satisfaction is high because this is likely to have beneficial impacts in terms of the cost of management and property maintenance. It will also support the ability to access HCA funding.

Housing providers should set their service standards in line with what matters to residents. These standards would be co-designed with residents and then approved by the TSA as the national baseline standard. Local variations to this standard would be permissible (including higher services for higher rents) provided there is evidence that such variations have been introduced in consultation with residents. Service delivery would be examined by residents using a range of consumer techniques, with the results published to residents and shared openly with the regulator. This approach would give residents a prominent role in specifying and inspecting services and would focus clearly on outcomes.

Specific regulation of a housing provider's contribution to the economic, social and environmental well being of an area would be inappropriate because different localities need very different community solutions. Substantial local variations will be inevitable and many services are provided in partnership, making it difficult to isolate a contributor's individual impact. Where contractual services are provided, these will generally be monitored and assessed through local performance frameworks produced by the commissioner and would not require separate assessment from the regulator. Resident satisfaction is unlikely to be high if the local living environment is poor, socially or physically.

It is probable that a handful of high level performance measures would emerge from the standard setting process. These could form the performance indicators which will be collected and compared by the TSA. Other measures would be relevant only locally. Ongoing low levels of customer satisfaction or declining satisfaction would prompt further investigation and, if necessary, inspection commissioned by the TSA.

The 'headline' indicators should be sufficient to illuminate any necessary lines of further enquiry. Formal regulation around local authority key indicators would complicate the picture, making it hard to achieve a consistent framework for the whole sector, creating unnecessary regulatory detail, that is burdensome for providers to manage and bureaucratic for the TSA to administer effectively with limited resources.

In summary, the system would be based on self-assessment, with robust resident scrutiny, and validated periodically by independent audit. Residents would have the power to call their landlord to account by referring ongoing perceived poor or worsening performance to the TSA. The landlord would be confirmed by the TSA as meeting the service standards determined by residents unless there is evidence to the contrary.

We believe rent flexibility would improve this system and lead to better outcomes for residents. We have argued elsewhere for rent policies which will allow providers to drive higher service levels, according to resident demand. The opportunity to pay a higher rent in return for an enhanced service should be integral to the choices available to residents.

There is a clear relationship between quality of service provision and the price paid. Social housing rents have been too strictly controlled. More flexibility would not only support choice, but also housing providers' ability to deliver further stock improvements and community development initiatives, leading to higher satisfaction levels.

Financial viability

The Housing Corporation has struggled as regulator with the increasing financial complexity and sophistication of housing providers as businesses. Regulating financial activity requires great expertise and the consequences of getting it wrong are serious, as we have seen, for both the sector and the regulator itself. The regulator has to be properly competent to assess risk and this is best addressed by focusing on a small number of key indicators and creating a clear division between the assessment of core business strength and the risks associated with discretionary activities.

The TSA will clearly need to consider the quality and extent of its own resources and expertise in this area, but it would seem sensible to investigate the potential of outsourcing at least some part of the assessment of financial viability to independent experts.

Governance

As housing providers have become more complex, inevitably governance has gone the same way. Large organisations turning over hundreds of millions of pounds, comprising several companies, and combining business and social objectives need to be governed with a high degree of expertise and skill.

Governance at the highest level depends on boards with strategic business skills, which are light and responsive on their feet, where there is a clear leadership partnership between the executive and non-executive directors, and clear understanding of the legal responsibilities involved.

The regulator has a legitimate role in ensuring the resident voice is effectively heard within providers. There is no doubt that some residents do have the skills and requisite knowledge to be effective non-executive directors, but being a resident does not in itself qualify people to be housing association board members. We believe the range of proposals we have put forward on accountability and regulating resident satisfaction deliver protection of the resident interest.

The board has to be properly accountable to a range of stakeholders, but does not in itself need to include all those stakeholders. For example, lenders and local authority partners are key stakeholders, but do not tend to have a role on larger housing provider main boards. Second tier and lower level governance structures enable all stakeholders to gain a say in the association's affairs and there should be clear links and influence upwards through the overall governance structure as well as downwards.

The key point in terms of regulation is that the regulator needs to remain fully conscious of the complexities of governance within housing providers. The competence and quality of governance has to be measured against the breadth of activities being undertaken and the risk attached to them. This clearly varies from association to association.

The best approach would be based on self-certification, measured against the 'combined code', possibly as modified by the revised governance code currently being drawn up by the sector with input from the TSA. Self-certification would be moderated by external challenge from independent governance experts. The annual assessment of governance would then focus on compliance with the code and be informed by the external challenge results.

How should inspection fit in?

In terms of the ongoing quality of service to residents, it is important that the relationship between the TSA as regulator and the Audit Commission as inspector is clearly defined and controlled. It must avoid unnecessary bureaucracy or duplication to ensure housing association resources remain focused on service delivery to residents.

As indicated above, inspection should be 'problem-based' - triggered by continuing poor or declining customer satisfaction levels. This could be prompted by residents (subject to reasonable safeguards) or the results of data evidence. Such inspection would be focused on assessing service delivery against the standards set by residents themselves and the guiding high level performance measures – the process dominated KLOEs would no longer be relevant. It should not impose 'an inspector's view' of what the association should be doing, but should be used to audit self-certification, to check that the association is doing what it has agreed it will do and is meeting the standards it has agreed it will meet.

To be useful and effective, inspection must be about service improvement. It should not be adversarial, except in extreme circumstances. It should represent more of a consultancy service, supporting the housing association to do better.

A move to 'problem-focused' inspection rather than periodic inspection would make a public rating system difficult. A public rating of a service in recognised difficulty would cause reputational damage to an association and would impair its ability to improve. A rating and report would still be delivered, but this should be published only to stakeholders with an interest.

Conclusion

The task of regulating affordable housing should be to help promote the successful delivery of social and economic objectives. We have shown how achieving those objectives requires a different kind of product and financing system in the future that is market based.

It is therefore logical that registered providers should be regulated along market lines. This is not incompatible with the receipt of public money, as we have demonstrated in the accountability section. The link between receiving public money and formal regulatory assessment is highly inconsistent and needs rethinking. We need to encourage new providers into the market. Heavy regulation will deter new entrants to the market and a level playing field for all providers is essential.

A more proportionate regulatory framework has worked well in delivering substantial new investment into the private rented sector over recent years. As a result, private rented supply has grown. The Rugg and Rhodes review argues for a continuance of moderate regulation in the private sector, based on a licensing system with increasing penalties for misdemeanours. This looks fair and clear. It makes plain that regulation is there principally to prevent or deal with poor practice, not to penalise or hinder the pursuit of a thriving, innovatory sector.

The system we propose of a small number of high level regulatory standards, backed by self-certifications, supported by independent external audit and challenge, would deliver the protections the state legitimately requires, while allowing the flexibility of action affordable housing providers will need. It will encourage greater innovation and entrepreneurialism and should create advantage for residents, for providers and for the Government.

It will also encourage housing providers to drive up the quality of non-executive boards and push those boards to assume greater responsibility and control, reducing the regulator's perceived need to assume roles which should lie within the board. The regulator should stand behind effective corporate governance rather than seek to act in its stead.

At all costs we must avoid regulation that gets in the way of successful delivery of the key objective or that reduces our ability to lever in new and extra resources to pursue that success.

Housing Futures Network Members

Affinity Sutton	**Keith Exford** **Chief Executive** **Affinity Sutton Group** Level 6, 6 More London Place Tooley Street London SE1 2AD www.affinitysutton.com	With over 53,000 homes, Affinity Sutton is a leading provider of housing working in over 100 local authorities throughout England. Our history stretches back nearly 100 years. We are a business for social purpose and our mission is 'to use our heritage, fresh thinking and commitment to help people put down roots'. We are financially strong and invest in what we believe matters most - sustainable communities and better life chances for our residents as well as a wide range of new homes. We encourage resident involvement, listening to and valuing their opinions and this helps us achieve high levels of customer satisfaction.
gentoo group	**Peter Walls** **Chief Executive** **Gentoo** Emperor House, Emperor Way Doxford International Business Park, Sunderland SR3 3XR www.gentoogroup.com	Gentoo is a people and property business that aim to provide holistic solutions for a range of customers. United by one common dream, the Group aim to improve the art of living beyond imagination. By challenging existing norms and applying innovation and creativity, Gentoo aspire to generate a better future and have a tangible, positive effect on the way people and communities live, develop and improve.
L&Q creating places where people want to live	**David Montague** **Chief Executive** **L&Q** Osborn House Osborn Terrace London, SE3 9DR www.lqgroup.org.uk	L&Q is one of the UK's largest housing associations owning and managing more than 60,000 homes across London and the South East. L&Q's mission is to create places where people want to live, which is delivered by a focus on two key objectives - improving resident satisfaction with services, homes and neighbourhoods; and responsible growth.

places for people	**David Cowans** **Group Chief Executive** **Places for People** The White House 10 Clifton York YO30 6AE www.placesforpeople.co.uk	Places for People owns or manages 59,000 homes across the UK. Our aim is to create sustainable neighbourhoods by developing new communities or transforming existing places into vibrant, popular areas to live and prosper. We provide a range of services including homes for individuals with care and support needs, nurseries for pre-school children, affordable loans, and employment and enterprise training.
Riverside	**Deborah Shackleton** **Chief Executive** **Riverside Housing Group** 2 Estuary Boulevard Estuary Commerce Park Liverpool L24 8RF www.riversidegroup.org.uk	The Riverside Group is one of the UK's leading social housing and regeneration organisations, owning or managing around 50,000 properties throughout England. Our record of achievement dates back to our inception as Liverpool Improved Houses in 1928. We provide general needs affordable properties for rent and shared ownership as well as sheltered and supported housing for elderly, homeless and vulnerable people. We also invest in community projects, from youth engagement schemes aimed at reducing anti-social behaviour to credit union grants to tackle financial exclusion. Our vision is transforming lives, revitalising communities.

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