Deep Roots, Diverse Communities, Dedicated Service:

SUBMISSION TO THE LABOUR REVIEW OF SOCIAL HOUSING – The BME Housing Sector Role in Re-invigorating Social Housing in England
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1. Introduction

This submission to the Labour Party Review of Social Housing seeks to:

- Provide a description of the history, legacy and work of the BME housing sector, represented by BMENational.

- Describe the key benefits of the BME housing sector for social housing generally, for deprived communities specifically, and for the wider economy.

- Identify key trends and decisions that have contribute to today’s housing crisis, with specific focus on tenure, affordability, and changing needs.

- Explore what ‘affordable’ should mean in today’s context, with emphasis on developing a new vision and brand for social housing, and promoting affordability in the sector and beyond.

- Describe how more social housing might be secured in future, which agencies should deliver it, some potential approaches to funding, and the sorts of housing that is required.

- Outline decent standards in social housing might be secured, including green issues.

- Explore how it offers social tenants and communities a more formal voice and opportunities to have greater involvement in decisions that affect their homes and neighbourhoods.

Evidence Base

BMENational has assembled extensive evidence about the activities and achievements of BME housing organisations, and the needs and aspirations of BME communities and tenants:

Forty Years of Struggle – A Window on Race and Housing, Disadvantage and Exclusion

The Legacy, Value and Future Potential of Black and Minority Ethnic Housing Organisations in England

The Black and Minority Ethnic (BME) Housing Sector’s Offer

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2. The Contribution of the BME Housing Sector

About the BME Housing Sector

BME housing organisations have deep roots going back thirty years in the most disadvantaged communities of Britain’s major cities and towns. Our Boards and staff reflect the diversity of the communities we serve and represent leadership at the highest levels. BME housing organisations grew out of the need for greater access to social housing by BME communities, in the wake of 1980s disturbances and the growing special needs of BME communities (especially the elderly and young homeless people).

We were created at a time when ‘race and housing’ issues were at the forefront of national policy debates against a backdrop of urban decay and social unrest. When BME housing organisations were formed, we also made mainstream providers sharpen up and get beyond colour blindness practices to positive action for those in most need.

Our achievements over the last thirty years have been considerable, including building community-based vehicles as advocates for BME communities, while operating as local role models. And even though there are fewer today than at our peak, the majority are viable community-based social enterprises providing culturally sensitive services with a viable future despite financial, VFM and policy pressures.

Today BME housing organisations are a small but vital part of the social housing sector comprising 2-3% of the housing association stock. Collectively, the 70 remaining BME housing organisations manage 65,000 homes, with an estimated annual turnover of £600m and controlling assets valued at around £1.8bn.

BME housing organisations house mainly South-East Asians, African-Caribbeans, Chinese, Vietnamese, Irish and Jewish people. They increasingly assist non-BME people and new migrants (including from Eastern Europe).

Refugees from various war zones past and present are also supported by BME housing organisations. We retain our role in meeting the special needs of BME communities but most of us have branched out over the last fifteen years into meeting general family needs and the needs of homeless people and refugees and asylum seekers.

BME housing organisations operate in around 100 local authorities with the average for each being seven local authorities. Concentrations of housing are in regions of high BME population concentration in England. Despite the large BME populations in the West Midlands and the North-West, these regions have lower numbers of BME housing organisations than might be expected: largely explained by BME housing organisations losing identity and stock as they were assimilated into the mainstream social housing sector. Eleven BME housing organisations operate successfully in nine group structures – mainly in the Midlands and the North.
The BME housing sector has a reputation for providing housing, delivering culturally sensitive care and support services, as well as managing community investment programmes that promote cohesion and boost the life chances of residents living in some of England’s most disadvantaged neighbourhoods. The sector has deep roots in such neighbourhoods, operating as vital anchor organisations to often super-diverse communities, which have welcomed migrants from all over the world.

**Deep Roots, Diverse Communities, Dedicated Service**

The BME housing sector has deep roots stretching back more than thirty years. We are committed to promoting and sustaining diverse and cohesive communities. And the sector offers and delivers dedicated, culturally sensitive and VFM services to tenants and communities.

The BME housing sector remains important since BME communities experience disproportionate levels of need that are not being met through the market or the mainstream housing sector. Also, the BME housing sector enables BME communities to control important housing and neighbourhood assets. And the sector is what its tenants want, validated by high levels of tenant satisfaction and focus group evidence.

In summary, the key benefits of the BME housing sector are:

1. **The Strength of the BME Housing Collective:** The BME housing sector constitutes a collective of 70 BME housing organisations with a common philosophy, pooling of significant resources, sharing expertise, 30 years of knowledge, and a national as well as local perspective. The strength of the BME housing collective, as well as that of individual organisations, offers a significant resource to the nation, partners, stakeholders, tenants and communities.

2. **Ongoing Investment in Housing:** BME housing organisations already manage around 65,000 homes. Over the next five years, BME housing organisations are set to develop many thousands more homes – mainly affordable rent and shared ownership, but social rent too if resources and national housing policies allow - primarily in Greater London, the Northern Powerhouse and the Midlands Engine.

3. **A Partnership Approach to Delivery:** The BME housing sector works with more than 1,000 public, private and third sector partners. These partnerships enable much greater reach in confronting housing and community disadvantage. We also enable economic and societal multiplier effects to be generated that have wider community benefits, creating economic and social value, and enabling policy priorities to be achieved more cost-effectively.

4. **Promoting Social Integration and Community Cohesion:** For more than thirty years, BME housing organisations have worked to facilitate integration of BME communities and to promote community cohesion within communities. Policies and practices have sought to enable various communities to live and work together, creating a real feeling of community spirit. We will continue to do so long into the future.

5. **Supporting Migrants and Refugees:** BME housing organisations offer support through temporary and permanent accommodation, plus care and support; resettlement services,
including help with setting-up a home; money, benefits and legal advice; language skills through on-site and partnership arrangements; linking to existing members/agencies of migrant communities; helping through social investment and entrepreneurship. BME housing organisations, together with a range of partners, have recently signed a migrant refugee pledge to raise the profile of the plight of refugees, building on our previous work, such as creating a housing rights website with the Chartered Institute of Housing (CIH).

6. **Enabling Local Economic Growth and Boosting Life Chances:** The BME housing sector creates significant economic value in often fragile local economies of more than £200m in Gross Value Added (GVA). This investment sustains 1,000 jobs in local economies on top of the 3,500 people employed directly by the BME housing sector, and boosts local life chances. Social return on investment from the sectors runs at £2-£5 for every £1 invested. These are significant contributions to the economy and a shared society, and boost the life chances of local people.
3. How Did We Get Here?

A series of trends can be identified over the last four decades, which are outlined below:

**Tenure and Affordability**

Fundamental changes in the tenure structure of housing in England have taken place since 1979, driven by government policy and funding choices. These include:

- The decline of council housing through the Right to Buy (RtB), introduced through the Housing Act 1980 has seen the number of council homes halve to around 1.8m homes in the last forty years. Of purchased council homes, perhaps one third are now in owned by private landlords, having been sold on by former council tenants. The long-term failure of government to allow local authorities to reinvest in new council homes through capital receipts has been a key driver of this decline. Today’s ‘one-for-one’ replacement, following the ‘reinvigoration’ of the RtB in 2012, has been unsuccessful, and replacements have been for largely ‘affordable’ rent rather than social housing.

- Social housing, including housing managed by housing associations, has declined markedly since 1979 by 1.5m. Investment in new housing association homes, delivered with ever decreasing grant rates and by mixed public-private finance since 1988, has failed to keep pace with rising demand, needs and rates of household formation. While housing associations have leveraged significant levels of private investment into social housing by borrowing against their housing assets, the decrease in grant rates and the corresponding increase in the proportion of private finance has been the root cause of housing association rents becoming less affordable and the rise of housing benefit take-up in the 1990s and 2000s.

- The extension of the RtB to housing associations (the vRtB), if it is rolled out nationally, will result only in further denuding social housing into the future, as recent vRtB pilots have evidenced, despite promised new government investment in social housing.

- The promotion of home ownership by successive governments as the ‘natural and aspirational’ tenure of choice in England, and social housing as a tenure of last resort for those with no choice, exacerbated by the reduced affordability of home ownership, has been behind the stigmatisation and demonization of social housing and its residents over the last 10+ years. The buying price of the average home in England is now 7.5 times average income compared with 3.5 times twenty years ago. This climb in unaffordability has excluded many young people from owning a home with initiatives such as shared ownership and Help to Buy only marginally successful in redressing this problem. Indeed, there is significant evidence that shared ownership rarely converts into full homeownership. It is too early to understand the future implications of the 5 year ‘holiday’ government loan (Help to Buy), given it was only started in 2013.

- At the same time, social housing has withered on the vine with government focus on social landlords providing more ‘affordable rent’ and shared ownership housing.
Changing Needs
Changing demand and needs require a long-term housing strategy to ensure a well-housed nation and that no community is left behind:

- Population growth and accelerating rates of household formation necessitate returning to the levels of house-building last seen in the 1960s. This cannot be achieved without public investment in social and other forms of affordable housing. The population has grown by more than 10m in the last four decades and the number of households has risen from about 17m to 23.6m over the same period (about 39%). At the same time, house-building has averaged under 170,000 homes annually over the same period.

- Ongoing research confirms that BME communities experience disproportionate housing need not met adequately by the mainstream housing sector or the wider housing system. Homeless BME acceptances by local authorities increased from 18% of the total to 38% between 1997 and 2017 (see chart below).

- Disproportionate need is linked to their generally lower socio-economic status, leading to greater housing need and a more precarious existence and a likelihood to be living in a disadvantaged neighbourhood. BME communities are still more likely to be homeless and living in poor or overcrowded housing. They experience higher levels of fuel poverty. Alongside, BME communities are subject to health inequalities due to living in neighbourhoods where access to appropriate health care comes at a premium. Welfare reform has also affected BME communities disproportionately. This is largely due to the greater likelihood of BME communities being in poverty and the differing demographics of BME households.
● The needs of a growing BME population are not being met by mainstream social landlords. The proportion of lettings made by all social landlords in England over the ten years between the Censuses in 2001 and 2011, rose from 14% to 16%. During this time, the proportion of the population associating with a BME background increased from 7% to 17%. Since 2011, 19% of all mainstream social lettings have been made to BME applicants while more than 75% have been made by BME housing organisations. Choice-based lettings (CBL), used more by mainstream social landlords, are also a barrier to BME applicants given this often goes hand in hand with local lettings policies which place an emphasis on local connection.

● Something must be done to ensure a better-funded future for care and support tenancies within social housing. This government’s continuing welfare reform cuts only serve to marginalise the most vulnerable. The hard fought battle to remove Local Housing Allowance (LHA) caps from impacting on supported housing rents evidences the lack of understanding of the role of supported housing. With an ageing society’s increasing needs, particularly of the poorest in society, social housing can act as a buffer against exclusion and sadly early death, as long as it is properly resourced.

Implications of Government Policy Since 1979

● A wider range of social /affordable housing options which include low cost home ownerships (LCHO) initiatives and more recent direct interventions like Help to Buy.

● A resultant decline in social housing as lower grant rates (and increasing private sector funding) has seen a move towards affordable rents and LCHO initiatives within the social housing sector.

● A significant percentage of local council RtB properties are now owned by private sector landlords with consequent decline in quality.

● Lack of ability to directly reinvest by local councils has led to large scale voluntary transfers to the social housing sector, leading to significant investment in ex-council homes, but with private sector monies.

● Decline in new build social housing developments since 2012 with the reduction of social housing grant (SHG) and introduction of ‘affordable’ rents and conversions from social housing to ‘affordable’ rents.

● Emphasis on homeownership as ‘only acceptable tenure’ has led to the stigmatisation and demonization of residents living in social housing, particularly via the media.

● Poorer communities which includes a significant proportion of BME population, now living in non-decent housing in inner city poor quality accommodation, as remaining social housing now at a premium.

● Successive cuts via welfare reform impacting on the vulnerable, particularly the young and ageing population and those with mental health needs, due to the lack of recognition of the need to subsidise care in the community.
4. What Should ‘Affordable’ Mean?

A New Vision for Social Housing
Investment in new and existing social housing should be front and centre in a Labour housing strategy since it is the most cost-effective way of fulfilling the nation’s housing needs. Social housing development should take place alongside other policies that strengthen rather than weaken social housing communities. This will mean a different and less punitive approach to welfare reform and abandonment of those aspects of austerity that penalise the poor and low paid.

The Social Housing Brand
Strengthening of the social housing brand has to be a priority. The way in which the Coalition government and the tabloid media have portrayed the sector, and those who live in it within the ‘skivers vs. strivers’ rhetorical paradigm, which the government has appeared to use (especially during the 2010-2015 period) to legitimise under-investment in social housing and communities, must be reversed.

The social housing brand might be strengthened through enabling tenants to control more of their housing and estates by rolling our mutual approaches across the sector, as has been achieved, in Watford, Rochdale and Liverpool (and even more so in Wales with the creation of community housing mutuals. The social housing brand might also be strengthened by a rename – possibly to ‘community housing’.

Promoting Affordability
Affordability must be a key priority for a future Labour government. Realistically, the affordability of home ownership will take a generation to improve. To illustrate this, the average wage needs to double to more than £50,000 per annum for the average home to be affordable. Affordability of rents in the private sector remains an issue as it soaks up £10bn in housing benefit subsidy annually. Increasing capital investment in housing promotes truly affordable rents and enables housing development and reinvestment in existing homes. Rent levels must not put at risk community development and investment activities of social landlords.

In the late 1980/early 1990s, a widely accepted ratio of housing costs (rented or owned) being no more than a third of income enabled a generation to live in decent quality housing and this proportion remains true over a vast number of countries in Europe. If this could be achieved, the saving in the Housing Benefit bill alone would more than justify the initial capital subsidy that might be required to be input by government.
5. How Do We Build the Required Social Housing?

Future Housing Requirements
A number of methodologies have been used to assess future housing requirements. These have usually been under-estimates of the real national housing requirements – especially in terms of affordable housing, and social housing has not often figured in the mix of ‘official’ estimates. The government has dropped its stated target of 200,000 homes per year for the next five years and increased its estimate to approximately 270,000. However, these estimates regularly fail to take account of full backlog need built-up because house building targets are not met in the interim.

More than 300,000 homes are needed annually for the next decade, of which around 100,000 need to be social rented. Indeed, without publicly funded social rent housing, house building targets are likely to remain unmet, as history has shown (see chart below). There equally needs to be a range of affordable rent and intermediate market rent housing.

![Chart (2) - Homes Completed in England by Sector (1946 to 2017)](image)

Source: Human City Institute Analysis from DCLG Lives Tables (2017)

Delivery Agents
The scale of the housing crisis calls for all social housing actors in all sectors and tenures to maximise their output. This requires a pluralistic approach with large, medium and small developers, social landlords and private landlords all contributing towards new housing delivery. Local councils, housing associations, local housing companies and mutual housing organisations can all effectively contribute to the delivery and management of new social housing. The next government must find a ‘what’s in it for me’ strategy that encourages all the players to come to the table, voluntarily rather than using a coercive approach that will only serve to alienate.
The BME housing sector has a particularly important role to play as a niche provider for BME communities, which experience disproportionately higher levels of housing need and stress, and are key players in the nation’s most deprived areas. A move away from mega-providers to a more local, community-focused housing delivery agents, especially in social housing, would result in a more attuned solution to local needs and enable more responsive management.

**Approaches to Funding**

It is clear that greater and concentrated public funding of social housing needs to take place. This is clearly the most cost-effective way of meeting the nation’s housing requirements, and is a more economically rational way of providing social housing than allowing the housing benefit bill to take the strain while subsidising the private rented sector. It should be recognised that forty years ago for every £1 spent on capital funding of housing, £1 was spent on housing subsidies, such as housing benefit and mortgage interest tax relief. Today, the ratio is £1 to £7.

There should be scope for continuance of private funding into social and affordable housing, but with higher levels of grant a much lower proportion of private funding – perhaps 20-30% - would provide a balance between encouraging new housing investment and extending affordability. In social housing, a longer term rent settlement is required to recognise these changed realities to give certainty.

Bonds have a continuing role to play. Initiatives such as community land trusts enable affordable housing (whether rented or home ownership) to be developed in a sustainable and locally-focused fashion.

Key to more affordable housing development is land. National, combined authorities and local government need to explore ways to release more affordable land, but with an in-built equity stake to developers, especially SME developers, to make housing development deals stack-up. Extensive use of (recently denuded of its powers) Section 106 agreements with developers also needs to be reinstated.

**A Comprehensive Housing Provision Policy**

A comprehensive national housing strategy is required to bring together strands of housing policy to maximise impact. In particular, homelessness, rough sleeping and damaging and uneconomic use of temporary housing must be tackled by local taskforces established to confront both the causes of homelessness and its consequences. A Housing First approach is increasingly promoted as a cost-effective way forward.

The housing crisis is not just one of lack of sufficient housing – a housing supply problem. New housing development is crucial, but some consideration needs to be given to tackling ‘in situ’ housing needs, such as overcrowding, poor housing conditions and fuel poverty. A comprehensive or ‘whole stock’ approach, requires investment in existing housing to ensure that its useful life can be extended and so that existing communities can be supported.

Such investment is required most urgently in the inner areas of the nation’s towns and cities, and in some rural locations.
Green retrofitting will be vital. A comprehensive housing strategy will also need to take account of empty homes, and other buildings very popular ‘up north’, such as converted mills, to provide imaginative ways of turning them into desirable homes while ensuring that there is little need to build on the greenbelt (although some usage will be required in high demand areas).
6. Maintaining Standards in Social Housing

Delivering Decent Homes for All
Delivering decent homes (see previous page too) will require upgrading of around one quarter of the social housing stock. This is particularly relevant in the wake of the Grenfell Tower disaster. Tower blocks, and outmoded lower rise and houses will require most investment. It should be noted, however, that social housing has a smaller proportion on non-decent housing than other tenures, as recorded by the latest English Housing Survey.

In the current financial climate, rents will have to pay for this investment. However, if higher rents save tenants on other household costs (such as fuel bills) then such investment could have a relatively low impact on tenants’ household finances while vastly improving their quality of life, and health and wellbeing.

A Green Housing Policy
Tackling climate change and associated environmental issues should not be seen as separate to confronting housing and neighbourhood deprivation but should be considered together. Investment in energy efficiency of the existing housing stock, and higher environmental standards for new house-building should lead to social housing becoming Carbon neutral as a sector.

At the same time, social tenants will see reductions in fuel costs and the health implications of poorly heated and damp housing, which costs the NHS £1.5bn annually. Many social landlords, including BME housing organisations, are aiming for carbon neutrality and adopting holistic green policies to achieve this objective.
7. Tenants and Residents – Giving a Real Voice

An Effective Tenants’ Voice
Following the Grenfell Tower fire, the role of tenants in social housing management came into sharp relief. While many social landlords, especially those that have a real interface with the communities they serve, provide meaningful and trusted tenant participation, some do not. Alongside, since the demise of the Tenant Services Authority (TSA), although a flawed body, there has been no unified tenants’ voice at national level that ensures the concerns of tenants and their communities are listened to effectively and acted upon.

Furthermore, the emphasis on using surpluses for growth and cutting costs, especially services, has led some organisations to cut back on tenant involvement and move down a digital by default approach, in the belief that this is more cost efficient.

Creating a New Tenants’ Body
There is an urgent need for a new ‘body’, controlled by tenant or resident representatives, to oversee housing management standards and to advise on housing development strategies and quality. The new body should be enshrined in law as a sort of ‘Off-Ten’ or ‘Off-Res’, and should be backed by adequate staffing and funding for investigations.

The housing sector has traditionally maintained a close relationship with its tenants; indeed many stock transfer housing associations retain tenants and Councillors (who speak for their communities) on their Boards.

Whether formally through regulation, or through an ‘Ofsted’ approach, this needs to be encouraged as part of a new era of seeing tenants and residents as part of the solution and not part of the problem, a vital stakeholder in delivering decent quality housing of all tenures to meet the needs of the nation.