

An objective view of social housing

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With various schemes on offer, it helps to cut through the jargon and acronyms and demystify the sector

Market rent, social rent, affordable rent, AST, ASB, EUV?SH, MV?STT ? are you confused? Although I have worked as an asset management analyst with [Waterloo Housing](#) for three years, I am still getting to grips with the social housing sector?s penchant for acronyms.

Before this, I had shared the view of many that social housing simply meant homes provided by local authorities, often referred to as ?council housing?. Social housing started to make its mark before the 20th century although it was not until after the Second World War, in response to the national shortage, that it became significant.

Since then, the social housing landscape has altered as governments have. Although there are far too many changes to mention here, few would disagree that the Housing Act 1980, passed by Margaret Thatcher?s government to implement the [right to buy](#) (RTB), is one of the more widely known. RTB helps eligible council and housing association tenants in England to buy their home with a discount of up to ?80,900, or ?108,000 in London.

A right to acquire is available to housing association tenants who have been living in homes built or bought by their association after 1 April 1997 and paid for by a social housing grant. This right is not available to housing cooperative tenants, however.

The property that the tenant wants to buy must be their only or main home; they ? or their spouse or civil partner ? must have been a council or housing association tenant for at least three years. Time spent in forces accommodation also counts. [Qualifying tenants](#) are entitled to a discount from ?9,000 to ?16,000 depending on where they live.

In August 2018, a partnership between the government and the National Housing Federation launched a ?200m pilot for a voluntary right to buy for Midlands-based associations. Eligible tenants have been able to register for a place on the pilot, and will have the opportunity to buy their home at an RTB-level discount. As there was a fixed budget of ?200m, however, the government could only fund a limited number of places through the pilot, and these were allocated by a ballot that is currently closed but may reopen.

My own employer, Waterloo Housing, part of the [Platform Housing Group](#) , manages 26,000 properties from the Derbyshire Dales to Oxfordshire and the Welsh borders to the Lincolnshire coast. It works with developers and local authorities to build new properties. With an annual development spend of ?110m, it aims to build more than 1,000 units a year to 2021.

Its development at Ambrose Close in Worcester provides affordable housing, including a proportion of shared-ownership properties. The latter falls under the label of ?intermediate

housing?, whereby individuals can purchase a share of the property while paying rent on the remainder. As the occupier's wage increases, additional shares can be bought, a procedure that is commonly referred to as staircasing, and 100 per cent of the property can eventually be purchased this way.

Affordability and acronyms

Besides providing a wide range of truly affordable housing, Waterloo is exploring and addressing related factors such as fuel poverty that can affect whether a property is affordable. This includes a review of the energy performance of the organisation's assets, and beginning various maintenance programmes ? ranging, for example, from replacing windows and doors through to installing more efficient heating systems.

Waterloo Housing is a registered provider (RP) of social housing, further to section 80 of the [Housing and Regeneration Act 2008](#) , and works in a regulatory framework with corresponding standards. The regulator before 2008 was the Housing Corporation, responsible for investment grants and for regulating housing associations. It was succeeded by the Homes and Communities Agency (HCA), which managed investment, and the Tenant Services Authority (TSA), which covered regulation.

The TSA was abolished and its functions moved to the HCA in 2012. Then, in 2018, the HCA was broken up into the [Regulator of Social Housing](#) , which covered regulation, and [Homes England](#) (HE), responsible for investment. HE is not to be confused with the [Ministry of Housing, Communities & Local Government](#) (MHCLG), formerly the Department for Communities and Local Government (DCLG).

As well as being an RP, Waterloo is also a housing association, although the terms bandied about in and around this sector obscure its simple remit, and can be confusing and misleading. Government policy is currently driving housing associations towards providing more affordable housing. However, the term affordable housing itself is not as straightforward as it would first appear.

Social, affordable or intermediate housing? They may sound similar, but each term defines a different kind of residential property

First, [affordable housing](#) ?includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market?. With reference to social rent, there is a prescribed calculation for working out the sum due, under which 30 per cent of a property's rent should be based on relative property values and 70 per cent on relative local earnings.

In determining the final rent, in contrast, the latter 70 per cent is to be multiplied by a factor that depends on the size of the property, otherwise known as the bedroom weight. In effect, consideration is given to the size of the property and thereby smaller properties will effectively have a lower rent. Interestingly, the cost of any services is additional to the rent.

Affordable rent in turn is any amount up to 80 per cent of the gross market rent in an area and should be more than the applicable social rent. Unlike social rent, it is inclusive of any service charges ? practitioners in this area will be familiar with the [HCA Rent Standards Guidance](#) , which advises that valuations for initial rent setting should be made in accordance with a method recognised by RICS.

And, as the name suggests, intermediate housing refers to homes either for sale or rent that fall between social and affordable rent thresholds, incorporating schemes such as [shared ownership](#) or [rent to buy](#) .

Therefore, 'affordable housing' should be considered as more of an umbrella term. Equally, although meant to be affordable, rent can still be considerable in regions where it is already at a premium. There is always a good reason for keeping things simple, and social housing is no different. Cutting through the jargon makes it more accessible and comprehensible, both for those in the sector and those outside it.

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Further information

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