

29h July 2019

LTF response to consultation on a new Rent Standard from 2020

1. **Introduction:** London Tenants Federation brings together borough- and London-wide federations and organisations of tenants (including leaseholders) of social housing providers. Our membership includes the London Federation of Housing Co-operatives and the National Federation of Tenant Management Organisations. A number of our member organisations involve both council and housing association tenants and a few (a minority) also involve some private tenants. LTF's main focus is on engaging its member organisations in London-wide and national strategic policy – particularly relating to housing and planning.

We responded to the MHCLG consultation on Rents for Social Housing 2020-21 drawing on discussion from our October 2018 conference focused on 'A Tenant-led Deal for Social Housing in London', held in partnership with the NFTMO and the London Fed of Housing Co-ops.

We are working on a series of briefings on what's happened to social rents since 2002, when rent restructuring was introduced by the then Labour Government, the first of which was published in June this year (attached).

2. **Our concerns about rent policy.** While defining rent policy is not the remit of the regulator, we hope that the listing our ongoing concerns about rent policy will help to explain our proposals in section 3 of this response around the Rent Standard and the remit of the Regulator on rents.
 - Contrary to one of the aims of rent restructuring we now have an extremely complicated, quite random, unfair and unjustified array of different rents for exactly the same types of rented homes that just don't reflect what tenants value in their homes. These include:
 - (i) council and possibly some private registered provider (PRP) tenants in London being charging higher, target rents, (as a result of the Welfare Reform and Work Act 2016) than the rents paid by existing tenants (where target rents were not reached in London by 2015);
 - (ii) PRPs have been allowed to re-let social rented homes as affordable rent in contracts for delivering new affordable rent homes, creating situations where some tenants are paying considerably higher rents than their neighbours;

- (iii) the introduction of the London Mayor's new 'London Affordable Rent' homes, which he and his officers frequently refer to as 'social rent' but are 50% higher than existing social rents;
- (iv) the application of exceptions to the four-year 1% rent reductions. Please see our example from Islington on page 6 of the attached briefing, which sets out the £41 difference between the rent of a new social housing tenant whose home is managed through a PFI contract and that of the average existing council tenant.

- Increases in rents as a percentage of incomes. We have compared the real term increase in the percentage of a low-income that a London council tenant household paid in 2002 (when service charges were included in rent) compared to dates since then. Service charges are now separate from rents.
- There is huge lack of transparency, accountability and public recording (at the national level) on the costs of tenants' service charges and no public scrutiny of the wide differences in charges applied by social landlords across London (and presumably in the rest of the country) for similar services.
- The apparent financial benefit to tenants in respect of the 1% rent reductions (since 2016). We are concerned that there are instances where the rent reduction has simply been replaced by higher service charges with no gain for tenants.
- Lack of clarity around what is considered to be a service charge.
- The potential impact on low income tenanted households particularly in respect of benefit caps via the roll out of Universal Credit of: (i) a return to above inflation rent increases of CPI+1% in 2020 (ii) of the introduction of new 'London Affordable Rents that are around 50% higher than average council rents.
- The extent to which social housing tenants should be expected to bear the costs of new built and new debt, which is clearly a factor in the CPI+1% annual rent increases from 2020.
- Wide inconsistency in the quality of consultation with tenants about annual increases in rents and service charges and in the level of information provided in order for tenants to understand the cost of both.

3. **What we feel should be included in the rent standard and requirements of the regulator on rents.** We suggest the Regulator should:

- set clear guidance in the Rent Standard around how social housing providers should consult with tenants (annually) about rents and service charges. We feel consultation should include provision of detailed information on the costs of rents, services, and amount of rent that is covering the cost of

building new homes and new debt. Consultation should include meetings with tenants involving presentations and discussion;

- set out a clear and comprehensive list of items that can be considered to be services separate from rent;
- require public transparency around the cost of council and private registered providers' rents, service charges and the amount of rent (on average per tenant) that is going towards the cost of new build and new debt (each as separate items). The regulator should require that social and 'affordable rents' (including London Affordable Rent) are recorded separately by councils and PRPs and that this data should be published locally, landlord-wide and nationally. It would be helpful if this were published on the MHCLG website. We suggest it should be included in an annual report published by the regulator;
- require councils and PRPs to publish data relating the cost of rent and services compared to incomes. We suggest that this should cover incomes in incremental steps (rather than one assumed average). Again, we suggest that the regulator also publish this data in an annual report;
- monitor and publish, on an annual basis, the impact of the return to above inflation, CPI+1%, rent increases and the impact of this has on tenants, particularly alongside the roll out of Universal Credit. This should include instances of where rent and service charges combined are higher than benefit caps

Yours sincerely

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LTF regional delegates