

## Response to *Local decisions* consultation

### Phoenix Community Housing Co-operative

Phoenix Community Housing Co-operative exists to provide relatively affordable housing in inner East London for single people who are homeless or at risk of homelessness – that is: for people whose needs have never been served by social housing or any other housing policy. The members of Phoenix Co-op have therefore had to build their own, self-managed, self-help solution.

At the time of writing Phoenix is housing 220 single people in short-life units. The co-op licenses these from their owners at social rents, less an allowance recognising the fact that the co-op performs all management tasks. Over its 30 years of existence Phoenix has managed, with modest grants but largely through its own endeavour, to build a stock of 57 beds in freehold properties that it owns.

Phoenix is not therefore able to offer secure tenancies. The co-op has, however, so far managed to re-house all but a handful of members when licensed short-life properties have had to be handed back to their owners. It's the best we can do for ourselves, and we're proud of it.

About a third of Phoenix's income is dependent on Housing Benefit: many members work part-time or are self employed building their work experience and starting up their own businesses. The co-op as a whole is working actively to assist members getting off benefits and to offer significant further value to housing and the community in East London through our Housing Plus self-help refurbishment project. In the pilot for this, co-op members gained work experience while refurbishing six flats which had been abandoned and returning them to use, at a cost far below that quoted to the social landlord that is their freeholder. As a result three members moved into employment.

Phoenix meets many of the ostensible goals of the housing policy review: particularly in increasing the effective stock of housing, in providing a flexible solution, and in making neighbourhoods safer, through this Housing Plus project and through its general activity of keeping otherwise-empty properties awaiting normal refurbishment or redevelopment in occupation by community-minded individuals.

### Considerations of principle

Had Ministers gone through the experience of being homeless, estranged from family and entirely without financial resource they would appreciate that a fully secure tenancy is not a luxury but an essential precondition for rebuilding one's life and, in many cases, mental and physical health.

Those who have not endured this trauma appear to exhibit an empathy gap through promoting policies that would condemn vulnerably-housed people to revisit the trauma of homelessness, or of the threat of homelessness, at two-year intervals.

Perhaps having such experience should be a requirement for the post of Housing Minister

The proposals presented in the *Local decisions* document cannot be considered in isolation from other changes that the government is making or proposing to housing policy and the social sector.

Taken together with, in particular, changes to Housing Benefit policy, the present proposals would, if implemented, make it almost inevitable that there would be, within a few years:

- atomisation of the vulnerably-housed into transient non-communities;
- increased demand for emergency housing from those made homeless;
- the erosion of social capital and the self-reliant support systems that secure housing enables; and
- ensuing problems of neighbourhood decay, crime and insecurity.

Has the ‘big society’ slogan then been officially retired, already? This is its opposite.

We draw these conclusions on the basis of our members’ experience of themselves being vulnerably housed and their experience of the realities of being failed by the private rented accommodation market on which the current proposals place so much stress.

If the protestations in the introduction to the paper entitled *Local decisions: a fairer future for social housing* about the weight the government gives to the importance of secure housing are genuine, then we see a serious failure to think through the interaction of policies.

## **So-called ‘AR’ tenancies**

Our reading of the Annex to the document leaves little doubt that there is a policy ambition to phase out social housing as existing tenants and/or tenancies expire.

Though there is an indication of an *initial* commitment to regulate the proportion of new tenancies that are offered as ‘AR’, it is clear that the intention is that grant funding for new housing units should be targeted almost exclusively on these and that rental income from these is to be applied exclusively to ‘AR’ units.

### ***What ‘market rent’?***

The document is silent on the definition of ‘market rent’ to be used in setting so-called ‘affordable rents’.

The areas in which Phoenix operates – mostly the London Boroughs of Tower Hamlets and Hackney – are notable for a high proportion of social housing, cheek-by-jowl with recent speculative “luxury” developments.

To set the ‘market rent’ at the mean, or even the 50<sup>th</sup> percentile, of rents in the private sector within these boroughs would clearly therefore imply a massive increase for new ‘social’ tenancies over current regulated levels.

We regret that we have not yet had time or means to conduct rigorous quantitative research on this.

### ***How so, ‘affordable’?***

Taking this ‘AR’ provision alongside the recently announced policy of capping Housing Benefit at the 30<sup>th</sup> percentile of market rents risks, in areas such as Tower Hamlets and Hackney, setting the cap below actual rents. Again, rigorous quantitative research is required before legislative proposals may legitimately be debated.

Further, the announcement that from 2013 those claiming Job-Seeker’s Allowance will suffer a cut of 10% in their Housing Benefit after one year implies a surge of evictions for rent arrears starting in 2014-15 as tenants are asked to find a tenth of their rent from an allowance set at the level of minimal subsistence.

Yet further, the as-yet-unknown local changes to Council Tax benefit will leave even more vulnerably-housed people unable to afford their current accommodation.

## **Mobility and homelessness**

Were the intention genuinely to promote mobility, all that would be required would be:

- Improved information on the availability of swaps, as proposed; and
- A guarantee that a swap would impose no cost in reduced security.

The continuation of existing schemes to compensate for the cost of moving would be a help.

It is alarming that the document presents the comparison

“Fewer than 5 per cent of social sector households move within the social sector each year compared to almost a quarter of private renters”

1.8 at page 13

as though the latter were some kind of benchmark or target. The reality experienced by many Phoenix members before they joined the co-op was of being repeatedly *obliged* to move at the expiry of a six-month or one-year shorthold tenancy in the private sector.

It is our impression that single people in particular in the private rented sector are condemned to frequent relocation.

## **In conclusion**

Phoenix Community Housing Co-operative fears that it will be faced with demand to pick up the pieces from such a policy, were it by some mischance to be implemented; while at the same time being hindered in or even prevented from continuing to meet that need.

Already, as a result of the mere announcement of government intentions, the co-op has received offers from registered social landlords of the “opportunity” to manage short-life properties for which the co-op would be charged not a social but a market rent. Given the disparity between market rents and social rents in the areas we serve, noted above, this is a nonsense.

In this economic climate, the concept of “a Job for Life” is no longer real for many in East London. With the threat of increased mobility due to earnings variation, loss of friends and neighbours, loss of investment made to neighbourhoods by people living in them; what is done to deliver initiatives that will lead to creation of business, secure jobs and housing?

Existing social housing provision is not, of course, perfect. Lack of resources – lack of homes – tends to lead to only those in a state of emergency being offered secure housing. This is particularly so for homeless single people, who in many areas have almost no chance of secure (council) housing unless they are emerging from very serious trauma.

The result of this lack of homes is that social housing is increasingly occupied by people in crisis. This in turn deprives them of the support in emerging from crisis that a stable, mixed community could provide.

Thus measures such as those proposed, that further ghettoise social housing as purely an emergency provision, are no solution. What are needed are measures to ensure affordable, secure housing for all, in balanced and stable communities.

It was only the playing out of ideological Cold War conflicts that led to mealy-mouthed language on the status of housing as a human right. Nevertheless, the proposals, with the implication of condemning the vulnerably-housed to frequent moves, arguably breach Article 8 of the European Convention on Human rights.

It cannot make economic sense, either, to condemn a large proportion of the population to spending

such a large proportion of their income on housing, especially in the context of a threatened recession. The co-op recommends that policy-makers re-acquaint themselves with the attitude of the noted economist Adam Smith to rent: see *Wealth of Nations, passim* to discover how it is not what some of those who bandy Smith's name about nowadays would expect. Affordable rents do not, as one UK newspaper frequently insinuates, encourage unemployment; they make it possible for lower wages to be paid to workers while leaving them a little something to purchase what they produce. Robert Tressell was clearly familiar with Smith's view:

“...they must pay rent to the few for the privilege of being permitted to live in the land... The amount of rent demanded by those who own this country is so large that, in order to pay it, the greater number of the majority have often to deprive themselves and their children, not only of the comforts, but even the necessaries of life.”

Robert Tressell (1914/1955) *The Ragged Trousered Philanthropists*

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Answers to the questions posed follow.

## The questionnaire

The following answers should not be taken as acceptance by Phoenix of the validity of the questions, whose selection and wording carry the implication that the role of consultation is to tinker at the margins of a proposal whose core is handed down on tablets of stone.

Question 1: As a landlord, do you anticipate making changes in light of the new tenancy flexibilities being proposed? If so, how would you expect to use these flexibilities? What sort of outcomes would you hope to achieve?

No.

Question 2: When, as a landlord, might you begin to introduce changes?

N/A

Question 3: As a local authority, how would you expect to develop and publish a local strategic policy on tenancies? What costs would you expect to incur?

N/A

Question 4: Which other persons or bodies should local authorities consult in drawing up their strategic tenancy policy?

Homeless people; existing tenants.

Question 5: Do you agree that the Tenancy Standard should focus on key principles? If so, what should these be?

Security of affordable housing.

Question 6: Do you have any concerns that these proposals could restrict current flexibilities enjoyed by landlords? If so, how can we best mitigate that risk?

N/A

Question 7: Should we seek to prescribe more closely the content of landlord policies on tenancies? If so, in what respects?

Encourage secure offerings and voluntary flexibilities to the benefit of households.

Question 8: What opportunities as a tenant would you expect to have to influence the landlord's policy?

As members of a co-op, we are members of our landlord.

Question 9: Is two years an appropriate minimum fixed term for a general needs social tenancy, or should the minimum fixed term be longer? If so, how long should it be? What is the basis for proposing a minimum fixed term of that length? Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be? Should the minimum fixed term include any probationary period?

The term of the tenancy should be for life.

Question 10: Should we require a longer minimum fixed term for some groups? If so, who should those groups be and what minimum fixed terms would be appropriate? What is the

basis for proposing a minimum fixed term of that length? Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be?

Clearly, the elderly and those with disabilities must have tenancies in appropriate accommodation for life; those with children must be able to see them complete their education; and thus and so.

Question 11: Do you think that older people and those with a long term illness or disability should continue to be provided with a guarantee of a social home for life through the Tenancy Standard?

Yes.

Question 12: Are there other types of household where we should always require landlords to guarantee a social home for life?

See above.

Question 13: Do you agree that we should require landlords to offer existing secure and assured tenants who move to another social rent property a lifetime tenancy in their new home?

Yes.

Question 14: Do you agree that landlords should have the freedom to decide whether new secure and assured tenants should continue to receive a lifetime tenancy when they move?

No.

Question 15: Do you agree that we should require social landlords to provide advice and assistance to tenants prior to the expiry of the fixed term of a the tenancy?

Yes, were such an unfortunate provision to be implemented.

Question 16: As a landlord, what are the factors you would take into account in deciding whether to reissue a tenancy at the end of the fixed term? How often would you expect a tenancy to be reissued?

Does not apply to Phoenix' current arrangements.

Question 17: As a local authority, how would you expect to use the new flexibilities to decide who should qualify to go on the waiting list? What sort of outcomes would you hope to achieve?

N/A

Question 18: In making use of the new waiting list flexibilities, what savings or other benefits would you expect to achieve?

N/A

Question 19: What opportunities as a tenant or resident would you expect to have to influence the local authority's qualification criteria?

Genuine consultation.

Question 20: Do you agree that current statutory reasonable preference categories should remain unchanged? Or do you consider that there is scope to clarify the current categories?

No comment.

Question 21: Do you think that the existing reasonable preference categories should be expanded to include other categories of people in housing need? If so, what additional categories would you include and what is the rationale for doing so?

While the categories for preference are reasonable, the fact that *single people* need to be in extreme need to get any assistance is not.

Question 22: As a landlord, how would you expect to use the new flexibility created by taking social tenants seeking a transfer who are not in housing need out of the allocation framework? What sort of outcomes would you hope to achieve?

N/A

Question 23: What are the reasons why a landlord may currently choose not to subscribe to a mutual exchange service?

Tell us about the costs and obligations of a mutual exchange service; and note that Phoenix is not currently able to offer fair secure terms to those "exchanging in".

Question 24: As a tenant, this national scheme will increase the number of possible matches you might find through your web-based provider but what other services might you find helpful in arranging your mutual exchange as well as IT-based access?

Telephone query service with local knowledge of the area to which a transfer is sought.

Question 25: As a local authority, how would you expect to use the new flexibility provided by this change to the homelessness legislation?

N/A

Question 26: As a local authority, do you think there will be private rented sector housing available in your area that could provide suitable and affordable accommodation for people owed the main homelessness duty?

N/A

Question 27: Do you consider that 12 months is the right period to provide as a minimum fixed term where the homelessness duty is ended with an offer of an assured shorthold tenancy? If you consider the period should be longer, do you consider that private landlords would be prepared to provide fixed term assured shorthold tenancies for that longer period to new tenants?

No.

We doubt that private landlords would be willing to offer more than the statutory minimum – except perhaps if they had the guarantees offered by letting to an intermediary such as, for example, Phoenix.

Question 28: What powers do local authorities and landlords need to address overcrowding?

First, they need cash to build decent homes.

Question 29: Is the framework set out in the 1985 Housing Act fit for purpose? Are any detailed changes needed to the enforcement provisions in the 1985 Act?

No comment.

Question 30: Should the Housing Health and Safety Rating System provide...

No comment.