

# IDEAS

TO CHANGE BRITAIN

# Bricks, mortar & co-operation

the co-operative party



years of pioneering the future  
1917-2017

# Using this document

Our housing policy document covers four key areas:

## **New co-operative and community led housing** **7**

looking at the barriers to growth in this sector, and the ways that the government can support its growth – from easing access to finance and giving community land trusts the framework they need to grow, to legal recognition of co-operative tenure. This chapter highlights areas of best practice, from long term co-operative housing projects to new innovations like student housing co-operatives.

## **A fairer approach to land and development** **15**

putting forward a Land Value Tax to replace other, regressive taxes and tackle landbanking, and exploring ways that planning policy can be changed to champion communities and enable more homes to be built.

## **Ensuring tenants have a voice in social housing** **22**

proposing democratic representation of social housing tenants at a national, regional and local level; a new housing watchdog; and a strengthening of tenants' right to manage.

## **Reforming the private rented sector** **27**

Giving private tenants a voice and fixing a broken market, from promoting landlords' co-operatives and giving private tenants a voice, to better scrutiny of the quality of private rented homes and a new private rented sector regulator to give renters the right to redress.

# An introduction to the Co-operative Party's 2017 policy process

The Party's policy process 2017 focused on two specific areas of policy – housing and education. This was driven by the views of conference 2016 and agreed by the NEC policy sub-committee. The reasoning behind the focus on these two areas in particular were:

- Recent shifts in wider UK public policy and government approach to these areas;
- The shifts in the nature of approach being pursued by devolved governments and regions;
- The strong local government focus of the Party and of the policy areas;
- Finally, conference and the sub-committee's view that these were such important areas to improving society that the co-operative Party needed as good and up to date policy platform as possible.

The policy sub-committee produced two consultation documents on housing and education which included the existing Co-operative Party platform. Local and Regional parties, individuals and co-operative organisations were asked to comment on the consultation documents and existing platform. Alongside this the Policy sub-committee posed four separate consultation questions which sought to gather individual experiences of the policy areas from around the country. The policy sub-committee hoped that this approach would encourage a larger number of individual contributors than in previous years, as well as helping to locate the new document in personal experience.

Following the launch of the consultation documents, a range of activity led to the generation of policy contributions, including:

- Nationally organised policy phone conference
- Wide range of regional and branch meetings
- Nationally organised local consultation meetings
- Meetings of self-organising networks within the Party such as the Women's Network
- Nationally driven email and social media support and promotions
- Meetings with subject area experts, organisations and charities

The policy sub-committee has issued the feedback documents alongside the report of the individual responses. These have shaped this new policy platform document on housing, which will be discussed at conference and accepted by members following the final policy debate and during the policy sub-committee report back to conference.

These policy papers are 'living documents' which can be amended and expanded to take account of changing circumstances and environment. They are available to view and download at [\[LINK TO WEBSITE\]](#).

## Who got involved

The policy sub-committee received over hundred responses on the two policy areas, as outlined in the process. The policy sub-committee have now reviewed the responses and provided individual feedback to the organisations and Party units outlining where their suggestions have been incorporated in to the final policy document to be discussed at conference.

The individual responses which focused mainly on local experience have been collated and a written report of their common themes and concerns has been provided. The policy sub-committee used these individual experiences and submissions to ensure that our proposed new policy platform reflected their concerns and wants.

# Foreword

The co-operative movement has long been concerned with the provision of good quality, affordable homes – in 1861 the Rochdale Pioneer Land and Building Company provided the first co-operative housing on land in Spotland Road, Rochdale.

Across the world, from Norway to New York, co-operatives are providing a secure home for their members. But in the UK, the co-operative and community-led housing sector has remained relatively small in comparison. The Co-operative Party believes that the co-operative movement has more to offer to our broken housing market, and this paper puts forward the Party's proposals on growing the co-operative and community-led housing sector, and applying co-operative values and principles to social housing, development and the private rented sector.

Housing is a devolved issue, and this document recognises different approaches and structures are in place in England, Wales, Scotland and Northern Ireland regarding housing. Where applicable, this document has taken account of the devolved national and regional governments and variations in housing markets and regulations that exist around the UK, and seeks to highlight best practice examples from every nation and region of the country. Regional and national parties will continue to develop tailored policy. For example, in the coming months, the Scottish Co-operative Party will be looking at these policy areas in greater depth.

We are in the midst of a housing crisis. For years, we have been building fewer and fewer homes while demand continues to increase. The Government's policies on housing have deregulated an already

dysfunctional market, putting greater burdens on social landlords while failing to provide them the funding they need.

Over the last decade, homeownership levels are at a 30-year low<sup>1</sup> as, for many, our broken housing market has put their first step onto the housing ladder out of reach. For those priced out of homeownership, renting offers little solace. Fewer affordable homes are being built, pushing families and young people into insecure, unaffordable, private rented accommodation.

The co-operative movement is founded on the principles of participation, self-help and community, so we believe that services are better when empowered service users actively inform decision-making. In housing, however, this is increasingly not felt to be the case. Grenfell was a tragic reminder that all too often tenants in social housing feel disenfranchised and ignored. And many private renters feel similarly powerless, as rent increases and insecure tenancy agreements force them to uproot and move home regularly, with little right to redress.

Britain needs a new approach to tackling this crisis of housing supply and affordability – one which enables communities to come together and build the homes they desperately need; which takes on the excessive cost of land and broken house building market; and which ensures social and private tenants have a voice in the management of their homes. Only through applying co-operative values and principles can we ensure a housing market that works for everyone.

At the heart of the solution to this housing crisis sit co-operative and community-led approaches. Communities across the country are coming together to help themselves, through taking on the management of their estates, starting community land trusts or building co-operatively owned and managed homes. The private rented sector and social landlords can also draw lessons from this, to ensure everyone has access to a home that is affordable, decent, safe, and secure, and has a say in how their homes are managed.

# New co-operative and community-led housing

## Introduction & Context

Co-operatives can play a role in helping to increase the supply of affordable housing, while also creating employment opportunities in the construction industry and stimulating economic growth.

In Westminster and Whitehall, policy has stood still for the last seven years and has failed to recognise the sector's potential. Around 10% of Europeans live in housing co-operatives – compared to 0.6% in the UK. This shows the potential contribution housing co-operatives can make, but concerted action is needed to enable this to happen.

There should be commitment to develop a co-operative housing strategy, which ensures that a significant proportion of new social and private rental and owner-occupied homes built are developed through co-operative and community-led housing approaches.

### CASE STUDIES

#### LILAC

LILAC (Low Impact Living Affordable Community) is an award-winning cohousing project comprising 20 homes and a communal house, constructed using low carbon techniques and with low-carbon materials such as timber and straw.

The development of LILAC was self-funded by its members with assistance from the Homes and Communities Agency, the Department for Energy and Climate Change, and Leeds City Council.

LILAC was the first co-operative housing scheme to use the Mutual Home Ownership model, and each resident has a lease that gives them a say in the management. They pay an equity stake to the co-operative and retain equity in the scheme. After deductions for maintenance, insurance and the like, these payments cover the overall mortgage for the whole development. The amount each resident pays every month and the number of equity stake they hold depends on how much they earn, set at around 35% of each resident's net income.

## **Merthyr Valley Homes**

At the end of 2015, Merythr Tydfil council handed control over 4300 former council homes to tenants and the housing association's 185 employees. Via a new membership body they have direct responsibility for overseeing repairs appointing directors and setting rents and salaries.

The resulting organisation – Merthyr Valley Homes – is Wales' largest housing mutual, and, along with Rochdale Boroughwide Housing, it's only the second housing association in the UK to be owned by both employees and tenants.

The move to bring Merthyr Valley Homes into mutual ownership is the product of more than a year of discussions and debates with tenants, employee, community organisations and councillors. With an income of over £30m, the association is an important player in both the local economy and community in its own right.

# Ideas

## Proper recognition of co-operative housing models and tenure

In order for co-operative housing to be more easily defended and promoted, as well as to reduce unintended consequences, a new legal definition of 'Community-led Housing' must be established. Recognition in law would ensure the housebuilding industry, professionals and financial services are better placed to facilitate and promote co-operative and community-led house building.

New co-operative housing tenure must also be introduced in law to enable more straightforward legal navigation by new schemes and improved legal understanding.

The UK government needs to follow the best practice shown by the Welsh Government, who lifted the ban on fully mutual co-operatives granting of assured tenancies and gave greater powers to lenders to fully mutual co-operatives in the Housing (Wales) Act 2014. This has created a better environment for housing co-operatives to exist and allows them to develop more robustly and independently, while creating certainty, assurance, protection and security for tenants – and most importantly has resulted in new homes actually being built.

## Access to finance

Because co-operative and community-led housing develops from the bottom up in response to local housing need, there is no one-size-fits-all in terms of the scheme design or structure. However, one experience that is common across much of the sector is the challenge of accessing sufficient and affordable financing. A lack of understanding of the co-operative and community-led housing sector means lenders often lack the confidence to offer mortgages and loans.

In England, the £300 million Community Housing Fund should be continued to provide grants to kickstart new projects, and the government should also work with the co-operative movement to develop a financial intermediary to raise and manage institutional investment in new community-led, co-operative and mutual housing developments, as advocated by the 'New Foundations' model of co-operative housing. Local authorities could also be encouraged to lend to co-operative and community-led housing projects.

Many community-led and co-operative housing projects rely on mortgages to finance the scheme. However, many mortgage lenders are risk-averse when it comes to lending to co-operatives, and for every success story, there are many more aspiring communities unable to access and structure an appropriate mortgage product. The government, in partnership with the sector, should also create a government-led guaranteed buyback scheme of last resort on mortgage products for homes that are co-operatively owned or include the principle of affordability in perpetuity, and develop a standard mortgage form for mortgage products that include a 'perpetuity' arrangement. To encourage lender participation. As the Building Societies Association recommend, this could be funded using NS&I Pensioner Bonds.

There are also restrictions on accessing the finance for existing schemes to scale up. Co-operative and community-led house building should be better supported through a review of the ability of existing schemes to borrow against assets to invest in new schemes.

## **Community Land Trusts**

The role of Community Land Trusts (CLTs) is crucial. They work in both rural and urban areas, and are a flexible tool to meet a variety of community needs. They not only offer a number of options for rent and low-cost home ownership, but can also provide a mechanism for generating an income stream for reinvestment by the community. In areas where a rising population, economic investment and limited stocks of affordable homes threaten to exclude local people from the areas in

which they live and work, CLTs are able to ensure a supply of affordable housing through the control of housing costs and resale prices.

For example, at a former local hospital in Bow, in East London, the London Community Land Trust are pioneering an alternative model of housing for urban areas. The price of homes in a community land trust are set based on average earnings in the area rather than by the market. In somewhere like Bow, that's about £200,000 for a 2 bedroom flat, compared to the market rate of closer to £700,000. And unlike other forms of affordable housing – which are often soon sold on at a much higher price – these homes stay affordable and linked to average local wages in perpetuity.

However, government policy does not always take the needs of CLTs into account, which could jeopardise their ability to keep homes affordable in the long term. For example, CLTs should be exempt from any proposals to ban the future sale of homes as leasehold as these are commonly used by CLTs to maintain affordability. They should also be exempted from the so-called-voluntary Right to Buy which, now it has been extended to housing associations, makes the future of many CLTs uncertain.

## **Commonhold tenure**

Under the 2002 Commonhold and Leasehold Reform Act, commonhold was the first type of new legal estate to be introduced into English law since 1925. The Co-operative Party supports this as a form of ownership, as it enables owners of flats or other housing developments with a shared freehold to come together and own and run their building for the benefit of the residents rather than the outside landlords.

However, in the fifteen years since the act was passed, very few developments have used this form of tenure and too many leaseholders are subject to exploitative behaviour from the freeholders. The Co-operative Party believes it should be easier for existing leaseholders to convert their ownership to Commonhold through strengthening the legislation as part of the wider leasehold reform.

## Student Housing

With the housing market and student finance broken, students across the UK are doing away with landlords and setting up their own student housing co-operatives. Students in Birmingham, Edinburgh and Sheffield have successfully started housing co-operatives. In Birmingham, students formed a co-operative and secured funding from the Phone Co-op, who bought the property in 2014 and lease it back to the student co-operative. In Edinburgh, the City Council facilitated a partnership with Castle Rock Edinvar Housing Association who lease a large property back to the co-operative, enabling 106 members to live there in 24 flats.

As well as providing lower rents and better quality, the student housing co-operatives organise themselves using participatory, democratic structures and work to engage the wider community in the co-operative movement. This model of student housing provides an alternative that should be expanded across the UK.

The Co-operative Party also supports ongoing work by Students for Co-operation and others to develop a student housing umbrella co-operative, which will enable easier access to finance, advice for students looking to start their own scheme, information for universities and lenders, and a national voice for the student co-operative housing sector.

## Learning from Welsh and Scottish political leadership

To fulfil the community-led and co-operative housing sector's potential, political will is essential. While this is lacking nationally, the Welsh Government, the Wales Co-operative Centre and other local organisations are showing real leadership.



*The Wales Co-operative Centre has shown that a lot can be done with a little in co-operation between Welsh Government, the Wales Co-operative Centre, Housing Associations and Local Government and Wales is now seen as leading the UK."*

**CARDIFF AND VALE CO-OPERATIVE PARTY BRANCH**

The Housing (Wales) Act 2014 lifted the ban on fully mutual co-operatives from granting of assured tenancies and also created an additional ground for possession to allow a lender to fully mutual co-operatives to end an assured tenancy to allow repossession on vacant possession value. This creates certainty, assurance, protection and security for tenants of fully mutual housing co-operatives, and enabled the development of co-operative homes.

Building on this, the Co-operative Agenda for Wales 2016 also included support from the Welsh Government's vision for co-operative housing in Wales by releasing land, educating residents groups about co-operative options and providing funding where necessary. It puts co-operative housing at the heart of their local housing strategy. When councils hold ballots on stock transfer, residents should have the option to vote for a community mutual

The Welsh Government has also awarded £149,530 to the Wales Co-operative Centre to support the Co-operative Housing in Wales project. This will help to scale up co-operative housing across Wales, having already delivered 99 homes and supporting the delivery of a further 75.

In Scotland, the previous Labour and Co-operative government showed commitment to the co-operative sector through the creation Co-operative Development Scotland. However, the time has come to have a review of its resources and remit and in particular the exclusion of housing from its responsibilities. Scotland needs a strong champion for housing co-operatives.

## CASE STUDY

### Loftus Garden Village

The Loftus Garden Village development of the Seren Group has been identified as one of the Pioneer Projects for the Welsh Governments Co-operative housing initiative. Capital funding for the scheme was granted to support the building of up to 20 Co-operative housing units on the site. Charter Housing, which is part of the Seren Group, worked with the Welsh Government and local people to develop an innovative housing co-operative as part of the Loftus Garden Village in Newport.

In November 2015, the housing co-operative took responsibility for 19 beautiful arts and craft style homes located in a single street on the garden village. The Welsh Government has provided £650,000 towards the cost of building the homes and Charter Housing is assisting with the setting up of the co-operative.

The wider development provides a mix of 1, 2, 3 & 4 bedroom flats and houses, available for share ownership. The co-operative owns a small percentage of the homes. People buy a share in their own home and pay a rent on the remainder not owned by them or the Co-operative. This approach to co-operative living gives people the option of having as much community and privacy as they want plus the advantage of lower monthly housing costs when compared to other share-ownership models.

# A fairer approach to land and development

## Introduction & Context

Demand for housing outstrips supply, with housebuilding falling long short of the 240,000 new homes needed per year<sup>1</sup>.

Local authorities are struggling to assemble the land and access the funds to build new social housing, a challenge felt even more keenly by the community-led and co-operative housing sector which is too often overlooked in favour of bigger profit-maximising developers when looking for a site.

Meanwhile, big developers sit on undeveloped land – nearly half a million homes are yet to be built despite being granted planning permission. The nine biggest housebuilding companies own enough land to construct over 600,000 new homes<sup>2</sup>.

Land – its availability and affordability – sits at the heart of this. So long as populations continue to increase, land will remain a uniquely desirable asset as it is one which will continue to rise in value faster than any other investment. This applies even if the land is derelict, as wider economic growth or public investment in an area will provide the owner with healthy profits even if they don't themselves invest in the land.

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<sup>1</sup> [http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/17\\_03\\_04\\_barker\\_review.pdf](http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/17_03_04_barker_review.pdf)

<sup>2</sup> <https://www.theguardian.com/society/2015/dec/30/revealed-housebuilders-sitting-on-450000-plots-of-undeveloped-land>

The Co-operative Party wants to see a new approach to land and planning which rewards productive economic activity rather than simply owning the deeds to a plot, where the big developers are discouraged from sitting on empty land waiting for land values to increase while thousands sit on council waiting lists for an affordable home. We believe this requires a rethink about the UK's tax policy, replacing regressive property taxes with a fair land value tax to encourage developers to "use it or lose it" instead of land banking, a review of planning policy to put local communities at its heart, and investment in new co-operative and SME housebuilders to reinvigorate a broken market.

## Ideas

### Land Value Tax

In the UK, the current property tax system has characteristics that, in some cases, encourage inefficient or unproductive uses of land. It can deter development and make land banking more likely. In places like London, it can encourage land banking, preventing the homes we desperately need from being built.

A new approach to land is needed, so that economic activity rather than economic rent is rewarded. The productive use of land – for homes, agriculture or business and employment – should be more profitable than sitting on vacant plots of land as their value goes up.

A Land Value Tax would be a stimulus to development and an obstacle to land banking or buying up empty homes as investments. In high value areas, it would ensure the uplift in value of land is captured for the good of everyone, not just property speculators. In deprived areas with lower land values, it would stimulate development.

Devised carefully, it would demand a greater contribution from the wealthy – not least the international elite with their mansions in London

– without adversely impacting ordinary homeowners. And it would be one tax that the rich and powerful could not dodge.

Currently, business rates tax economic activity, creating a perverse disincentive to doing business, while stamp duty can have a dampening effect on the housing market. These less efficient, regressive taxes should be scrapped in favour of this new Land Value Tax, and council tax should be reformed so that it is fair and based on income not property values.

While this would be a new method of taxation in the UK, countries such as Denmark and Estonia use taxation based on land values to help stabilise and stimulate their economies, as regional governments in Pennsylvania and New South Wales.

The Co-operative Party proposes that a new Land Value Tax is levied on all land, based on its unimproved optimum current permitted use – the highest and best use of the land in question given its current planning permission meaning the landowner will have to pay just as much for an empty plot as they would a plot with flats, businesses or shops built on it. This would protect farmers and other land intensive businesses from experiencing excessive taxes, while eliminating any “hope value” associated with the likelihood of a future change of planning status and ensuring the uplift in value of land caused by public investment in regeneration or infrastructure is captured for the good of everyone.

To enable the implementation of a Land Value Tax, the Valuation Office Agency should devise a fair and robust valuation of all land in the UK. These should be revaluated regularly to avoid the pitfalls of the current out-of-date and unfair council tax banding. This needn't be an expensive exercise – in Denmark, regular land valuation costs just 1.5% of the total income it raises in taxes.<sup>1</sup>

A new “community-led” planning designation should be introduced through local planning policies so that Community Land Trusts are not

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<sup>1</sup> <http://classonline.org.uk/pubs/item/in-land-revenue>

adversely affected by high land values when building new homes, and to enable them to ensure homes are affordable in perpetuity.

## Planning regulation reform

The trend for the last seven years has been to reduce the focus when making planning decisions from the best use of land to what is viable for the developer to build.

The Co-operative Party believes that it should be the role of the planning authority, in partnership with local communities, to make decisions based on the best local outcomes not based on the profit margin of the developer. There should be a review of planning legislation to re-establish the principle of community interests ahead of developer profit when planning decisions are made – in particular, the clause added to the National Planning Policy Framework that states that plans “should not be subject to such a sale of obligations and policy burdens that their ability to be developed viably is threatened” in 2012 should be amended so that it does not give developers licence to ignore local policies on community benefit and affordable housing provision.

To this end, viability assessments presented to planning authorities by developers should all be made public. Developers’ current right to keep them private allows them to reduce the level of affordable housing that they build without the community able to scrutinise the justifications for decisions. Many local authorities have started to do this – central government should make this mandatory in every planning authority.

“ *In theory developers must provide 40% social housing but in practice this gets watered down considerably*” – Co-operative Party member in Lewes

To further support this, training for public planners and regeneration officers should include a greater understanding of co-operative and community-led housing models.

## Community benefit principles for public land disposal

The Co-operative Party proposes that the Treasury green book valuation guidance should be amended in line with recommendations from RICS Land and Society Commission Report to ensure that 'best value' considerations in disposing of all publicly owned land take account of long term social and financial benefits, beyond simply seeking the highest bidder.

We also propose that a new national presumption should be established in favour of change of land use being granted where land value uplift is to be captured for the benefit of the community. This will be an incentive to free-up more land for co-operative and community-led housing development.

Furthermore, communities should have the "Right to Designate" when public land is being disposed of, similar to the mechanism for designating an asset of community value. This would ensure that land is specified in planning frameworks as being for community-led or co-operative housing.

## Affordability

The Co-operative Party believes that for homes to be affordable, the definition of what affordable means needs to be re-examined. Changes to government policy mean that affordable could mean up to 80% of market rents, which in many parts of the country is completely out of reach of ordinary people.

Many co-operative and community-led housing schemes link affordability with income rather than markets, to ensure homes remain affordable for a diverse community in the long term. We agree with this approach and support the work that the Mayor of London is doing to develop a London Living Rent on this basis. We propose that the government

commission a study into how this approach can be implemented more widely.

## Land assembly

One barrier to development of empty land is fragmented ownership – where there is no single agent able to bring diverse landowners together to develop housing and other development in the public interest. This ability to assemble land was critical for the creation of Garden Cities, and in other countries local authorities play a much more active role in land assembly using stronger compulsory purchase powers.

Compulsory purchase powers should be strengthened so that councils can buy at existing use value, plus a reasonable compensation for the existing landowner, rather than the price being dictated by the market and inflated by the “hope value” associated with the likelihood of future development.

New partnership models for land assembly should be created, so that landowners of sections of a wider development site, as defined by the local authority, can be given the option to enter into an equity partnership with other landowners and the local authority as an alternative to compulsory purchase. They would be able to exchange their land for shares in the partnership and will earn a fair profit when the value of the new development is realised, as done in Germany where, in order to redevelop areas with fragmented ownership, the municipality assembles the land so that the increase in value is shared proportionately among the existing land owners.

These partnerships would create new Development Corporations like those that created the Garden Cities. The New Towns Act 1981 should be updated to enable these partnerships, and to specify that Development Corporations be organised along mutual lines, so that landowners, the local authority and the local community all have a voice in its development and all benefit from its success.

## Co-operative and SME housebuilders

The housebuilding sector is heavily reliant on a small number of big developers, resulting in a sector driven by commercial self-interest with little incentive to build new homes any faster. More than half of all new homes are built by the country's eight largest housebuilders<sup>1</sup>, giving rise to concern that they deliberately avoid over-saturating the market with new homes at any one time to ensure high house prices recoup a sufficient profit.<sup>2</sup>

Meanwhile, over half of the construction sector is now operating as self-employed<sup>3</sup>. This can result in an erosion of workplace rights, from pension contributions to sick pay. Self-employed construction workers should be supported to join trade unions, and to organise themselves into co-operative construction companies so that every worker can share in the success of the company<sup>4</sup>.

Support should be given to new entrants to ensure that SMEs and co-operative housebuilders have the access to finance, advice and land to enable them to play an active role in building new homes.

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<sup>1</sup> <https://www.constructionnews.co.uk/housebuilding-giants-dominance-must-end-mps-argue/10019507.article>

<sup>2</sup> <https://publications.parliament.uk/pa/cm201617/cmselect/cmcomloc/46/46.pdf>

<sup>3</sup> <http://www.constructionenquirer.com/2017/08/01/construction-self-employment-jumps-to-over-1m/>

<sup>4</sup> [https://www.uk.coop/sites/default/files/uploads/attachments/not\\_alone\\_-\\_trade\\_union\\_and\\_co-operative\\_solutions\\_for\\_self-employed\\_workers\\_2.pdf](https://www.uk.coop/sites/default/files/uploads/attachments/not_alone_-_trade_union_and_co-operative_solutions_for_self-employed_workers_2.pdf)

# Ensuring tenants have a voice in social housing

## Introduction & Context

It is heart-breaking that it took a human tragedy of the sheer scale of Grenfell to put tenants' concerns and contributions to the management of their own homes in its rightful place at the top of the political agenda.



*Tenants, especially in social housing, need to be listened to and respected."*

KENT CO-OPERATIVE PARTY COUNCIL

Ten years ago, the aptly named "Every Tenant Matters" review of social housing regulation by Prof Martin Cave made the case for a national tenant voice, to advocate on behalf of social housing tenants and to support the tenants' movement to grow.

Its implementation was short-lived, with the new body dismantled shortly by the Conservative Government after the 2010 election, along with the new regulator, the Tenants Services Authority. The new pared-down regulatory framework shifted all oversight to the Homes and Communities Agency, which placed growing importance on financial viability and value for money, instead of tenants' interests.

The social housing sector over the last seven has also changed significantly. The role of the local authority as a landlord has been squeezed – financially in terms of significant cuts to local government

budgets restricting their ability to act beyond their basic statutory obligations, and in terms of power, with central government placing obligations on social landlords to reduce rents by 1% per year and proposals as part of the Housing and Planning Act 2016 to force the sale of high value council homes, although this has been delayed.

Meanwhile, the government has placed greater emphasis on the role of housing associations, who have undergone significant deregulation over the last seven years. Government housing policy and budget cuts across wider public services have forced housing associations to become increasingly commercialised – with larger housing associations buying up smaller providers and merging to create “super-sized” social landlords. The role of the tenant shrinks as these ‘too big to fail’ organisations grow further and further away from the concerns and experiences of the residents they house.

## Ideas

### National Tenant Voice

The Co-operative Party proposes a re-establishment of the National Tenant Voice, along mutual lines. Its role would include:

- Representing the interests of tenants to the government, regulator and other public bodies
- Evaluating government policy on housing and other relevant areas, from benefits to building regulations, and its impact on tenants
- Supporting the tenants’ movement to grow, in collaboration with other national, regional and sub-regional housing bodies

There should be a new statutory duty on the Secretary of State for Communities and Local Government to publicly respond at least twice a year to issues raised by the National Tenant Voice.

This would not duplicate the important work of other national housing bodies – Tenant Participation Advisory Service (TPAS), the TAROE Trust, the National Federation of Tenant Management Organisations

(NFTMO) and the Confederation of Co-operative Housing (CCH), each of which represent distinct constituencies and play an important role through lobbying on behalf of their members and capacity building in their respective sectors. At times, these organisations access central government funding to support their activities, and we believe they should continue to be able to do so.

The new National Tenant Voice should be a properly funded, independent membership body that individual tenants, tenant and resident associations, tenant management organisations, housing co-operatives, and wider federations of tenants can be members of. It should have democratic structures that ensure it is accountable to and representative of members – the majority of the board should be elected by and from the National Tenant Voice members, with additional independent board members appointed to bring specific expertise to the organisation.

Housing is a devolved issue, and in recognising that different approaches and structures are in place in England, Wales, Scotland and Northern Ireland regarding housing, the new National Tenant Voice would exist in England and would work in co-operation with relevant partners in Scotland, Wales and Northern Ireland.

## **Strengthen housing regulation with a new housing watchdog**

Regulation of housing associations in Wales, under their devolved powers, states that “tenants remain at the heart of regulation” and places clear expectations on housing associations to demonstrate tenant involvement. Similarly, the single statutory objective of the Scottish Housing Regulator is to “safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by registered social landlords (RSLs) and local authorities”.

This is a far cry from the Homes and Communities Agency, which acts as the regulator for housing in England since 2010 when the

Tenant Services Authority (TSA) was disbanded and which increasingly emphasises a focus on maintaining the confidence of lenders to invest in the sector. The HCA was originally created to manage investment in housing, not to also regulate the sector, and as such lacks the teeth to proactively operate on behalf of tenants.

The Co-operative Party believes that social and private tenants in England deserve a dedicated regulator, so that their role in the regulatory framework is equal to that of tenants in Scotland and Wales. The regulator would separate regulation and investment, in line with other sectors, and would have the teeth to act proactively on tenants' behalf to hold social and private landlords to account.

## **Co-operative housing management**

The Co-operative Party recognises the importance of tenants and leaseholders having a real stake and voice in their housing.

Tenants should be actively supported to exercise their 'Right to Manage' by forming Tenant Management Organisations (TMOs) to take over the management of the council-owned housing in their neighbourhood. Many TMOs are constituted as co-operatives and evidence shows they provide an enhanced service and deliver real added social value – this should be encouraged.

In addition, the 'Right to Manage' and the 'Right to Transfer' should be extended to Housing Association tenants to give them legal opportunities to manage housing services co-operatively.

The success of TMOs is reliant on the strength of their governance. Well-governed TMOs are in touch with their communities and responsive to their needs to ensure homes are well looked after. The Co-operative Party supports the work led by the National Federation of TMOs to promote good governance through their Good Governance Kitemark. TMOs also rely on strong relationships with the local authority, who should ensure they work co-operatively with TMOs. The rights and obligations of both the council and the TMO should be clearly set out

and well-governed, and this should be regularly audited to ensure continued best practice.

The government should ensure that where local authorities hold ballots on stock transfer, residents have the option to vote for community-led stock transfers. These put residents at the heart of the management of their homes. Tenants, as members, have the right to stand for election to the board, vote in elections, and attend the AGM, as well as earning a 'dividend' for paying rent and service charges on time.

For example, Leathermarket JMB is a resident managed housing organisation, running 1,500 homes near London Bridge since 1996. The TMO and Southwark Council have a good partnership, and the council was awarded a £385,000 grant in the first wave of the Government's Estate Regeneration Fund in order for it to work with Leathermarket Community Benefit Society (the new-homes arm of the JMB) to support the building of even more new council homes.

# Reforming the private rented sector

## Introduction & Context

By the end of 2021 it is predicted that almost one in four households will be renting privately<sup>1</sup> as homeownership and social renting continue to fall. The greater focus on the sector highlights the growing problems that renters face – from punitive lettings fees and unaffordable rents, to poor quality accommodation and a lack of security.

“*Local housing is very expensive to buy and rented accommodation is very expensive too. Over half the income of young people has to be spent on rent and there is little hope of any improvement. Most young people are shut out of home ownership.*”

CHELMSFORD STAR CO-OPERATIVE PARTY

The private rented sector has undergone significant deregulation over the last few decades – long gone are the days of rent controls and renters’ rights. Now, tenants can be evicted for no reason with just 21 days’ notice and have limited power to negotiate a fairer deal

<sup>1</sup> <https://www.theguardian.com/money/2017/jun/12/one-in-four-households-in-britain-will-rent-privately-by-end-of-2021-says-report>

on rent increases. Renters are consumers paying more and more for increasingly poor-quality products with limited right to redress.

A third of private rented homes fail to meet the Decent Homes Standard<sup>1</sup> and stagnant wages cannot keep pace with spiralling rents. The housing benefit freeze mean many in the private rented sector now face a substantial monthly shortfall between the housing benefit they receive and even the cheapest rents.<sup>2</sup>

“ Certain types of renters obviously feel problems more heavily. If you are on a low-income, you will more likely struggle to pay rent and housing benefit is increasingly not at levels that can pay market rents. If you lack support networks or are vulnerable in a number of ways, an eviction is more likely to be catastrophic”

GENERATION RENT

“ I have a 10 year old grandson, daughter, son, living with me - meanwhile I sleep in the sitting room. Rent is to high for our young.”

CO-OPERATIVE PARTY MEMBER IN LONDON

Much as the Co-operative Party was able to lay the foundations of modern consumer law in the 1960s, the Party wants to give private renters the voice and power to challenge unscrupulous and unfair behaviour in the private rental sector – through new powers to negotiate a fair deal, an end to unfair fees, better regulation, a right to redress akin

<sup>1</sup> <http://www.independent.co.uk/news/uk/home-news/private-rental-homes-health-safety-standards-fail-third-landlords-lease-flats-houses-a7883016.html>

<sup>2</sup> <https://www.theguardian.com/society/2017/jul/22/100-tenants-a-day-lose-homes-rising-rents-benefit-freeze>

to that in other consumer markets, and new co-operative approaches to the lettings market.

## Ideas

### A voice for the private rented sector

The balance of power in the private rented sector puts landlords squarely ahead, as short-term rental contracts with no-fault eviction clauses and a shortage of available affordable options mean tenants are often afraid to challenge bad practice or negotiate rents.

“ Our local communities’ experience - sons & daughters have no expectation of owning property. Younger people are mainly in private rented accommodation with high turnover where some landlords do not really care about their properties.”

NORTH EAST AND NORTH CUMBRIA CO-OPERATIVE PARTY COUNCIL

This isn't the case in other countries like Germany and Sweden, where the rental sector is more balanced – tenants enjoy national representation, the ability to negotiate rents and more secure contracts. Steps have similarly been taken to improve the situation in Scotland, where tenants have come together to start a union.

The Co-operative Party proposes a new national private tenants’ association to represent the collective and individual interests of private renters. Its role would include:

- Providing private tenants with a collective voice in order to influence the government, regulators and other public bodies
- Evaluating government policy to ensure it sufficiently meets the needs of private tenants

- Supporting regional private tenants' associations
- Providing advocacy and legal support for private tenants to enable them to negotiate fairer rents and to challenge landlords on property conditions and management issues

Alongside this, tenants' rights should be strengthened so that they can ask for better conditions without fear of eviction. This should include reforming section 21 of the Housing Act 1988 to give tenants protection from unscrupulous landlords, and encouraging landlords to offer longer tenancies as standard.

## Reforming the lettings market

The lettings market isn't working for tenants or landlords. Lettings agencies charge both landlords and tenants high fees to perform basic services, and push landlords to behave less scrupulously such as only offering shorter tenancy agreements, in order to maximise their own profits. These are often not transparent or explained upfront, despite existing legislation like the Consumer Protection from Unfair Trading Regulations 2008. The Co-operative Party believes there should be a ban on unfair estate agent fees in England, as has been put into law in Scotland.

Furthermore, a landlords' co-operative should be supported to develop, to help manage and market properties outside of the private sector, and to give both tenants and landlords a fairer deal.

## Minimum standards and right to redress

Many homes in the private rented sector fail to meet Decent Homes Standard and tenants have to put up with cold, damp and draughty homes. The onus currently sits with the tenant to raise these issues by complaining to the local authority, rather than on the landlord to demonstrate that homes are of a decent standard. Tenants often fear revenge evictions for making complaints and put up with substandard accommodation.

The Co-operative Party proposes a new regulatory framework for the private rented which would define minimum standards for privately rented homes. Landlords would be obliged to have regular inspections, administered by the local authority, in order to be permitted to continue letting the home, and the new housing watchdog would be able to act proactively on tenants' behalf to hold private landlords to account.

A register of landlords, held and kept up to date by the local authority, would enable prospective tenants to check if a home is decent before signing the contract. This would professionalise the sector, providing clear expectations and a right to redress if homes are substandard.

# politics for people

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