

Housing associations in 2022: a strategic review

As we face the challenges of the next decade, **housing associations** and the work they do will be needed more than ever.

Our residents and communities will need us to be ready to deliver. So, over the past six months, the National Housing Federation has led a strategic review into the future of housing associations. Together with our members, partners and stakeholders, we've looked at housing associations' core purpose, how prepared they are for the future, how they can overcome the challenges they face, and how they can deliver for residents, communities, and all those in housing need.

This paper sets out the findings of our strategic review and how we will work with our members to take these findings forward in our new three year business strategy.

How we've gathered insight

We conducted the review in two stages. In the first stage, we held an open conversation with housing associations, partners and stakeholders about where the sector stands now and in the future. In the second, we tested the conclusions we'd reached about the strengths and vulnerabilities of the sector and the work we need to do to deliver the sector's purpose.

We talked to the following groups in one to ones, small groups, larger roundtables, and webinars:

- 200 housing association leaders.
- Rural, smaller and supported housing providers.
- Think tanks and influential thinkers, including the Institute for Fiscal Studies, former Downing Street special advisors, journalists and academics.
- Partner organisations, including the Regulator of Social Housing, the Chartered Institute of Housing, Crisis and the Housing Ombudsman.

Conclusions of the strategic review

Our conversations led us to conclusions on four main points:

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1. **The role and purpose of our sector**
 2. **Challenges to overcome**
 3. **The sector's strengths**
 4. **Addressing our vulnerabilities**
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The role and purpose of our sector

As a not-for-profit sector, our members are driven by their social purpose - never has that been more evident than through the coronavirus pandemic. Our role at the NHF is to support our members to deliver on their purpose. However, until now we have not had a shared, sector-wide definition of what that purpose is.

Ours is a diverse sector and housing associations address a range of needs in different places. However, a clearly articulated and simple description of housing associations' purpose will help guide our work and build public and political understanding of our sector.

Through our strategic review, and in conversation with our housing association members, we've come to a clear, succinct definition of the role and purpose of our sector:

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- **We provide homes that are **affordable** to people in housing need.**
 - **We provide **safe, good quality** homes and services.**
 - **We offer services that enable residents to **live well**.**
 - **We play our part in building successful places where **people want to live**.**
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There was a strong consensus about the power of this statement of purpose - fully delivering against it would make a huge contribution to lives, communities and society as a whole. Providing homes that are affordable to people in housing need was seen as particularly critical by everyone we spoke to.

Challenges to overcome

Housing associations face a number of current and strategic challenges that we need to overcome to fully deliver on our purpose.

The challenges will vary depending on the nature of a housing association's homes and services, and their specific business model and finances. However, our members consistently raised three common and significant challenges for the sector.

- **We have some homes that are no longer fit for purpose and need significant investment to improve their quality, safety and to reach net zero carbon.**

The scale of these costs means the sector will need government support to meet them.

- **Our performance sometimes falls short of our purpose.**

As social landlords, we are rightly held to higher standards than other kinds of housing, and we need to make improvements if we are to meet those standards over the coming years.

- **Housing need is becoming more acute but also more widespread.**

The impact of the pandemic, increases in living costs and the ending of the Universal Credit uplift may mean more people in the UK are struggling. This may mean more people will need the affordable housing and the support we offer, and existing residents may be looking to their housing association for additional support.

These challenges are all linked and we think it will take concerted and significant action to resolve them.

Alongside these challenges, in our conversations many housing associations were asking themselves questions about the identity of the sector and what new and re-emerging providers of social housing, including for-profits, may mean for their role and future.

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The sector's strengths

Through our strategic review we asked people to think about the position of our sector over the next ten years and consider both our strengths and our vulnerabilities.

We tried to avoid making predictions about what government we might be operating under or how our economy would be performing. Instead we've tried to think about what would help us thrive or hold us back from delivering our purpose, regardless of these broader factors.

Three key strengths emerged strongly from our discussions.

- **We are relevant, making a unique contribution to meeting critical needs.**

We can deliver change on urgent issues facing society like the climate crisis, regeneration and levelling up. The lower rents we charge save our tenants £9bn a year¹, we save money for residents and other public services, and we make sure millions of people have a home they can afford.

- **We are resilient.**

We have a strong asset base, we are financially stable, we are well regulated and we are well regarded by lenders.

- **We have reach and play an anchor role.**

We have a presence in every community and can deliver change on a national, regional and local level. We are long term, stable, local institutions and are key partners of local and regional government.

¹The lower rents which housing associations charge save tenants a total of £9bn per year compared with what they would be paying in the private rented sector. Source: NHF analysis.

Addressing our vulnerabilities

There were also three vulnerabilities that many housing associations and stakeholders identified as being particularly critical for the future of our sector.

- **There is no widespread public support for our sector.**

There is little understanding of what we do and the value we bring. Despite our size and reach, we do not talk directly to the public and this has led to widespread confusion about who we are. This can make it more difficult to get political support, particularly when the government makes decisions that affect our ability to deliver our sector purpose. It also makes it more difficult to talk honestly when things go wrong about the root causes of issues, as well as how we can work to fix them.

- **Our performance on some issues is not consistent across the sector.**

Because of the identified challenges we face as a sector, there are areas of performance where housing associations are honest that they are not where they want to be. Overall quality in our sector is high, and our homes compare well with other sectors². However, our members were clear that this quality should be more consistent and that there are times when we've fallen short of what residents should expect.

- **The government has significant control over our sector but no comprehensive long-term plan.**

We are continually having to negotiate and argue our case on issues that are fundamental to the delivery of our sector purpose, such as grant for new homes and our long term income. This makes it difficult to commit to, and deliver, ambitious plans that we know would make a significant difference to existing and new social housing residents.

²Housing association homes are the least likely to fail the Decent Homes Standard – 11.9% compared with 15.6% of owner occupied homes and 21% of homes in the private rented sector. Housing association homes are also the most energy efficient, with an average SAP rating of 70.2, compared with 65.5 amongst owner occupied homes and 64.7 in the private rented sector. Source: English Housing Survey

Taking the strategic review forwards

The strategic review has given us a clear picture of the purpose of our sector, and housing associations remain ambitious to deliver on this purpose for current and future residents. To do that, we know that we will need to build upon our strengths and address the challenges and vulnerabilities that have come up in the review.

At the NHF, we will put the sector purpose at the heart of everything we do. It will help shape our priorities and our policy, lobbying and influencing work, and all our work will be geared towards its delivery. Our members have told us that they see the role of the NHF as:

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- **Being the national voice of housing associations.**
 - **Shaping the external environment, including policy and reputation.**
 - **Offering support and collaboration on sector wide issues.**

We are now creating a new three year business strategy that will be guided by insights we've received in this review and will set out how our core work will support our members to deliver their sector purpose.

The strategy will also set out three longer-term, cross-cutting initiatives, which directly address the challenges and vulnerabilities identified in this review. We believe that these initiatives will lead to a step change in housing associations' reputation, relationships, performance and partnerships – and their ability to deliver their purpose.

The long term initiatives are:

1. **Build public support for, and understanding of, housing associations.**

As large institutions, impacting on millions of lives, and in receipt of public and private funding, it is critical that we are visible, open and accountable, including to the wider public.

We want to develop a strong and compelling public narrative about the role, purpose and value of our sector that builds public support. Public support is an essential basis for a positive and long-term political settlement. And when we get things wrong, it's helpful if the public understand who we are and value our wider work.

A clear description of our purpose that we use in all of our public messaging is a good place to start and will help define and differentiate what we do in the public's minds. Beyond this, what we are able to achieve here will depend on our level of ambition and collaboration across the sector.

2. **Support housing associations to address issues of inconsistent performance.**

Our members told us there were areas where they acknowledge they are delivering below their own and residents' expectations, or where they want to be more ambitious for their current and future residents. If we don't address these issues, our members were clear that the sector would be falling short of delivering its purpose. We also know that our performance is, rightly, a key driver of reputation with residents, the public and government.

We think there is a role for the NHF in supporting housing associations to drive the improvement they're committed to making. This work could range from setting up improvement networks and sharing good practice, to developing peer review processes or agreeing sector standards, ambitions or commitments we will work towards. Our Together with Tenants programme, where we've worked with our members and residents to develop a set of commitments as a sector, is a useful example of where this has worked effectively in the past.

The long term initiatives (continued):

3. **Develop an outcomes-based housing strategy for low income families.**

There is currently no plan for housing families in housing need, and the lack of a long-term policy direction leaves us having to negotiate on critical issues that affect us and means we are vulnerable to policy shifts. This makes it difficult to plan and hampers the outcomes we are able to deliver.

We believe developing and securing support for an outcomes-based housing strategy for low income families would make delivery of our sector purpose much more likely. It would help establish housing associations as part of the system that delivers public services and improves lives. This strategy could include issues such as how we can house families in temporary accommodation, how we can develop more truly affordable homes, and how we improve the quality and sustainability of our existing homes.

Next steps

Our new business strategy, shaped by this review and the sector purpose, will be published in April 2022.

We will then work with our members to shape the three long-term initiatives, which, at the moment, are deliberately ambitious, outcome focussed, and high-level. We want to partner with our members to develop the specific plans and activities under each, and may also bring in partners outside the sector and external expertise.

We'd like to thank all our members and other partners who have contributed to this important review. Together we have articulated a clear and important purpose for the housing association movement as we navigate the social, political and environmental challenges that face our society over the next decade.

**The National Housing Federation (NHF)
is the voice of England's housing
associations.**

Our housing association members provide homes for around six million people, and are driven by a social purpose: providing good quality housing that people can afford.

We support our members to deliver that social purpose, with ambitious work that leads to positive change.

Find out more about our work
via [housing.org.uk](https://www.housing.org.uk)

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