

**BRIEFING NOTE:**  **Regulatory Challenges to The Almshouse Charity Model**

**THE PURPOSE OF THIS PAPER: The Almshouse Association is seeking for almshouses:**

* to be recognised in the National Planning Policy Framework (NPPF) definition as “affordable housing”
* to be recognised under the new Community Infrastructure Levy as “affordable housing”.
* to be exempt from new regulation that would challenge the charity structure and spirit of almshouses as embodied in the Social Housing Bill.
* a new appropriate form of regulation fit for small housing charities such as almshouses.

**The history and background:**  Almshouses, established as a charitable form of social housing in the 10th century, continue to operate as charities providing valuable social housing at a local level, with residents being offered a home based on the terms of the gift of the original benefactor as laid down in the charity’s governing documents.

**Almshouse charities today:** There are 1,600 almshouse charities operating throughout the UK today providing safe, comfortable homes to some 37,000 people in need. Most almshouses are small communities comprising less than 20 dwellings and while residents live independently, they are also part of a community where there is help and support in the background which may be called upon in times of need.

Almshouses are affordable housing for people in need and often operate within a specified geographical boundary. In some cases, the charities cater for a specified group of people, defined for example by age, sex and, in some instances, those who have been employed in certain industries and are now retired. While the majority of almshouse charities are for older people, the almshouse movement is progressive and there are increasing examples of new charities being established for younger people and families.

**How almshouse charities operate:** Almshouses operate under charity law, are regulated by the Charity Commission and abide by the guidance of The Almshouse Association in its manual, *Standards of Almshouse Management* (“SAM”)which was produced in conjunction with the Association’s legal advisors, Stone King and in consultation with the Regulator of Social Housing. SAM provides a robust set of standards, processes and procedures, policies and templates that set out legal and good practice examples which are subject to regular review by Stone King.

Almshouse charities also comply with legal obligations such as those required by the Health and Safety regulations, the Trustee Act, the Charities Act and overarching duties such as safeguarding within the Care Act. Almshouse charities are managed and led by voluntary trustees and do not operate under the Landlord and Tenant Act. As opposed to Assured Shorthold Tenancies, almshouse residents, who are beneficiaries of the charity, occupy by way of a licence commonly known as a ‘Letter of Appointment’.

**The Regulator of Social Housing:** The 2008 Housing and Regeneration Act established the Regulator of Social Housing. The Act states that Government funding through Homes England (and other funding bodies such as the Greater London Authority) could only be used to support “affordable housing” defined as Regulated Housing such as Housing Associations.

Almshouses are a form of affordable housing and are often the most affordable form of housing available in the area. Residents do not pay rent but pay a Weekly Maintenance Contribution. The majority of almshouses (80%) are not regulated by the Regulator of Social Housing and therefore cannot access the funds made available to other forms of affordable housing unless they become regulated and, as a result, are subject to regulations not always fit for purpose.

Under the NPPF funding can be made available for affordable housing under Section 106. However, as almshouses are not recognised as affordable housing in the current guidance unless they are registered providers with the Regulator of Social Housing, they are not eligible to receive the funding concerned.

**Almshouses that become Regulated Housing Providers (RHPs):** The Regulator of Social Housing is designed for organisations holding over 1,000 units but it is a significant fact that 80% of almshouse charities have less than 20 units. The obligations of being an RHP or Regulated Social Landlord can be extensive, time-consuming, and inappropriate. Out of our membership of 1,600 almshouse charities, 264 have opted to become RHPs in order to access Homes England funding.

Not only is regulation an additional burden on trustees but new policies and obligations for RHPs can challenge the charity status of almshouse charities leading to, we believe, a homogenisation of almshouses in order to fit into the social housing model. This can significantly restrict the ability of trustees to fulfil their objectives, can inadvertently widen the objectives of the charity to mirror small housing associations, and can dilute the model of charity which is locally led under defined objectives. There is a significant risk that this centuries-old, workable, valuable, charity housing model could disappear.

**Right to Buy:** Almshouses as charities are exempt from the Right to Buy as trustees currently hold the asset on trust in perpetuity. It is feared that if they fall under the increasing remit of the Regulator of Social Housing, their defence against Right to Buy would be weakened and could leave charities open to being sold.

**What is needed:** Almshouse charities to be recognised by local government planning departments as being affordable housing and qualified to access support or land under Section 106 (NPPF).

The same recognition is needed in the drafting of the Community Infrastructure Levy.

Almshouses are regulated by the Charity Commission and if a different measure of regulation is to be required in order to access Government funds it should be appropriate to both the scale and structure of these small almshouse charities. Trustees should be allowed to continue to operate under charity law and to fulfil their legal duties and obligations to act in the best interests of their charity and, by definition, their residents**.**