

Consultation on the Regulatory Reform of Registered Social Landlords

Reform has become necessary because the Office for National Statistics (ONS) reclassified RSLs as public market producers in a recent review. This means that any private sector market borrowings taken out by the newly reclassified public sector RSLs will score against Welsh Government's capital budget. The Welsh Government's borrowing powers, which come into force in 2018/19, have a set limit which would not provide enough capacity to accommodate RSLs' current annual borrowing requirement.

The review identified central and local government controls which led the ONS to conclude RSLs should be reclassified. These are mainly powers set out in the Housing Act 1996, and provisions inserted by the Housing (Wales) Measure 2011. The [consultation](#) is therefore proposing regulatory reform of RSLs to remove or amend the relevant powers so that the ONS would be able to consider reclassifying RSLs in Wales to the Private Non-Financial Corporations sector, thus restoring their borrowing abilities.

The Communities Secretary said:

“RSLs play a vital role in helping us to meeting our target of 20,000 new affordable homes and they, in turn, require the sector to continue to have the freedom to use private sector borrowing to supplement the Welsh Government's social housing grant funding and other funding programmes.

“This reclassification would mean fewer new affordable homes and limited options for the Welsh Government to maximise the positive contributions RSLs make to the communities in which they work including significant local employment and economic benefits. It would also result in uncertainty for funders who have made long term commitments to funding an independent RSL sector.

“Unless we take action which would enable ONS to reverse the reclassification and return RSLs to the private sector, our plans to address the shortage of affordable homes in Wales will be severely compromised.”