RAPLEYS 75 YEARS OF PROACTIVE PROPERTY ADVICE

What the New Decent Homes Standard Means for the Affordable Housing Sector

The government's confirmation of a new Decent Homes Standard (DHS) in January 2026 marked the most significant overhaul of housing quality regulation in England for 20 years.

What Has Actually Changed?

Original DHS (2001, updated 2006)	DHS 2026
4 Criterion threshold	5 Criterion threshold
A: Homes have to be free from serious Category 1 hazards under the Housing Health and Safety Rating System	A: Homes have to be free from serious Category 1 hazards under the Housing Health and Safety Rating System
B: Homes have to be in a reasonable state of repair	B: Age has now been removed as a factor when assessing building components. Previously age was a key trigger for defining whether a component had failed. Now components are assessed purely on condition. This removal shifts the burden of proof onto the provider to have current condition-based data. An older but well-maintained asset may pass, but without data to back it up, it’s a liability.
C: Homes have to be equipped with reasonably modern facilities	The definition of what constitutes a decent set of amenities has been updated to reflect modern expectations. Flats must provide at least three out of four defined facilities including adequate kitchen space, appropriately located bathroom and WC provision, external noise insulation, and adequate common entrance areas for flats. Houses must provide at least two of the three above facilities (excluding common entrance areas). In addition, all homes must be equipped with child-resistant window restrictors.

Original DHS (2001, updated 2006)	DHS 2026
D: Homes have to be thermally comfortable	This has been sharpened to require not only effective insulation but a primary heating system that is programmable by residents and capable of delivering heat throughout the whole home. In parallel to the consultation proposing all social rented sector properties reach EPC C or equivalent by 2030. This may present huge cost implications and practical delivery challenges for stock with complex heat network arrangements.
E. Homes should be free of damp and mould	New Criterion E: Introduces an explicit prohibition on damp and mould reaching hazardous levels. Any home where a damp/mould hazard is assessed within bands A to H of the HHSRS will fail the standard. This reinforces the legal requirements of Awaab’s Law.

Awaab's Law is the sector’s immediate compliance pressure. While the new DHS applies from 2035, giving landlords a notional decade to comply, Awaab's Law is already in force and carries no such grace period. Phase 1 came into effect in October 2025, requiring social landlords to address emergency hazards within 24 hours and resolve dangerous damp and mould within fixed statutory timescales. Phase 2 will expand these requirements this year to cover a wider range of hazards including excess cold and heat, falls, structural collapse, fire, electrical hazards, and hygiene risks.

The significance of this cannot be overstated. For the first time, RPs face legally enforceable deadlines for hazard resolution. This is not merely best practice guidance or regulatory expectation, but rather a binding obligation that gives tenants the right to seek legal redress for non-compliance.

Awaab's Law is simultaneously a housing management challenge, a resourcing challenge, and a legal liability challenge.

The overall regulatory regime has also fundamentally shifted. The new DHS lands within a regulatory environment that has already been transformed by the Social Housing (Regulation) Act 2023. Prior to April 2024, the Regulator of Social Housing could only intervene on consumer standards when it was satisfied there was "serious detriment" to tenants. That threshold has been abolished. Providers are now rated on consumer performance in the same way they have long been rated on economic and governance standards. The consequences of a poor rating are reputational, financial, and operational.

As such, the Regulator’s enforcement powers have expanded. Fines are now unlimited with the previous cap of £5,000 removed entirely. They can survey properties with 48 hours' notice, undertake emergency remedial action where there is imminent risk to tenant health or safety, and require providers to implement Performance Improvement Plans. Officers can be removed. The Regulator's "look through" power allows it to follow funds out of the regulated sector, specifically targeting fraud and misuse. Alongside this, the Competence and Conduct Standard has introduced mandatory qualification requirements for senior housing executives and managers, adding a professional accountability dimension that has no direct precedent in the sector's history.

The financial arithmetic is deteriorating...the Regulator of Social Housing's own 2025 financial forecasts show RPs collectively reported that forecast interest cover had fallen to 106% in aggregate across the first five forecast years. This is a thin margin in a sector where covenant compliance is operationally critical. Repair and maintenance spend continues to rise and providers have responded by reducing development ambitions: capex on new development fell from £74 billion across the equivalent five-year window in 2023 plans to £64 billion in 2025 plans, whilst the £10bn reduction in new development spend is being redirected to the rising costs of remedial action and retrofitting to meet 2030 EPC C mandate, illustrating a real world consequence of compliance absorbing development capital. In fact, some providers are actively forecasting stock disposals to shore up their balance sheets.

The ratio of development to maintenance investment has narrowed from 8:5 in 2023 to 6:5 in 2025: a telling indicator of where the financial pressure is being absorbed. This is the real-world consequence of stacking compliance obligations (no matter how well-intentioned) onto a sector that simultaneously faces elevated borrowing costs, constrained rental income growth (at least prior to the ten-year rent settlement announcement), and rising supply chain and labour costs.

The new DHS will require further capital investment across stock portfolios, particularly in relation to energy efficiency, heating, and damp and mould, particularly affecting providers with older or more challenging stock.

Beyond the financial dimension, the operational demands on RPs are intensifying in several interconnected ways:

Stock data quality - The shift to condition-based rather than age-based assessment for building components means providers need accurate, current, component-level data across their entire portfolio. Many providers have inherited stock data of varying quality and may underestimate the cost. We, as a housing consultancy team have been instructed on hundreds of thousands of stock condition surveys and we expect this to continue to grow as RPs realise the very real task ahead.

Supply chain capacity - The requirement for all social sector homes to reach EPC C by 2030 represents a mobilisation of retrofit demand that the construction and specialist contractor market is not currently sized to meet. Providers that wait to mobilise programmes will find themselves competing for constrained labour and materials in a sellers' market since the demand for retrofit coordinators and heat pump installers will peak simultaneously across the sector. As such acting now using specialist contractors is key.

Awaab's Law - Unlike the 2035 deadline for DHS compliance, the 24-hour emergency hazard response requirement (including damp/mould) is already operational as part of Phase I which came into effect in October 2025. Providers that do not have robust, technology-enabled responsive maintenance systems and protocols are already exposed to legal liability with Phase II, due October 2026, expanding to include heat, cold, falls and fire safety.

Governance burden - Consumer regulation inspections, C ratings, Competence and Conduct requirements, the new transparency standards for tenant rights, and the requirement for a board level designated health and safety lead all add to the governance and management overhead of running an RP. For smaller RPs in particular, these obligations are stretching exec teams.

What needs factoring in for stakeholders:

Investors	Developers	Operators
Whether debt providers, equity investors in for-profit registered providers, or institutional investors in social impact vehicles, the new DHS materially affects asset valuations, business plan assumptions, and credit assessments. Stock with a significant proportion of pre-1980 properties, or properties in geographic areas with higher levels of damp, cold, or disrepair, will require more intensive capital expenditure programmes and should be modelled accordingly. Regulatory compliance risk, and specifically the risk of RSH intervention, downgraded ratings, and unlimited fines, is now a live credit consideration in a way it simply was not five years ago.	For developers, the new DHS reinforces an already strong direction of travel: new-build affordable housing must be designed and specified to exceed minimum standards from day one, building in programmable heating systems capable of whole-home coverage, envelope performance that supports EPC C or above, and layouts and component specifications that will not require early-cycle intervention. The cost of building to this specification is higher than building to the bare minimum. The alternative is investing in long-term maintenance and compliance liability.	For operators, the message is clear: the era of reactive, volume-driven housing management is over. Regulatory survival now requires granular stock intelligence, proactive maintenance programming, rapid hazard response capability, and a demonstrable culture of tenant engagement and transparency.

Ten years sounds like a long time, it is not. The social housing sector's experience of the original Decent Homes Standard when, by 2023, non-decent stock had risen to 15,576 units among registered providers alone, a 130% increase on the prior year, demonstrates what happens when compliance is treated as a background priority rather than an active operational discipline.

The government has been explicit: landlords should not delay all action until the end of the implementation period. In practice, providers face immediate obligations under Awaab's Law, ongoing obligations under the 2024 consumer standards, and the looming EPC C requirement for 2030. Any provider that treats 2035 as the starting gun rather than the finish line is already behind.

The affordable housing sector has always operated in a compliance-intensive environment. What has changed is the combination of scale, specificity, enforceability, and financial consequence of the obligations now in force or in prospect. For investors, the risk-reward calculus on affordable housing assets must now incorporate a more rigorous treatment of stock quality and compliance trajectory. For developers, specification standards must anticipate tomorrow's obligations, not today's. And for operators, the question is no longer whether to invest in systems, data, and capability, it is how quickly they can afford to do so, and whether that is fast enough. If RPs have not started surveying their stock condition by now, they are already vastly behind. This is only the starting point; the work to upgrade comes after. Expert building surveyors are getting busy, the time to instruct was yesterday.

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