

# London Councils

The voice of London local government

## Housing & Planning Bill Briefing for Peers, Monday 18 January

### Introduction

Whilst there is a housing problem in the rest of the UK, there is a housing crisis in London. Housing is Londoners' number one most pressing issue of concern with 88% of those polled agreeing that the city has a housing crisis. By contrast, this is only the sixth most pressing issue in the rest of the UK. Ipsos-Mori polling for London Councils last year also showed that more than a third of Londoners say they are considering leaving the capital to take a job elsewhere because of housing costs, and almost two thirds of 18-34 year olds reported that the crisis causes them a great deal or a fair amount of stress.

London Councils fully recognises the government's ambition in this bill, to increase home ownership. However, our test of any legislation remains: what impact does it have on the capability of London boroughs, who are committed to boosting housing supply, or to cut the gap between demand and supply and address local and London-wide housing need? It is within this context that we are keen to ensure that London issues are fully appreciated and receive due scrutiny when the bill is in the House of Lords. We will be producing briefings for each stage of the Bill. Below are the important issues for us.

### Starter homes

#### Affordability and viability in London

At prices of up to £450,000 (inclusive of 20% discount), starter homes are still likely to only be affordable to those on significant incomes.

It is also likely that the £450,000 London cap for starter homes will make delivery very difficult in some areas of central London where the average new build house price is far higher than this.

#### Risk of squeezing out other housing products

The government should ensure boroughs are given flexibility to deliver other affordable housing products outlined in their local plans alongside starter homes. Without such flexibility there could be a loss of up to 71 of other traditional types of affordable housing products for every 100 starter homes.

#### The need for local discretion and assessments of housing need

The Secretary of State should take account of local housing needs before overriding a particular local policy document on the basis that it is incompatible with starter home delivery, or else risk undermining local decision making powers and capabilities to address housing need.

### Vacant high value asset sales

#### Unintended outcomes

London Councils are concerned that this policy could have real unintended negative consequences on the overall supply of affordable housing in the capital and London's social mix.

#### Impact on temporary accommodation

Our modelling work estimates that up to 4,500 council homes a year could be sold off in London as a

result of this policy.

Even if a programme to replace higher value homes in the same area of London could be viable, the time lag between sale and replacement could create a knock-on pressure on temporary accommodation (TA). Around one fifth of local authority lettings go to households in TA, meaning any loss of available properties for rent would likely further increase pressure on TA, significantly impacting the public purse at a time when homelessness already costs London over £600million per year.

#### Impact on regeneration schemes

If extra leaseholder numbers on estates make regeneration unviable because of the cost of funding buy backs and Compulsory Purchase Orders (CPOs), then the impact of this policy on critical regeneration schemes could be detrimental. The government should therefore exclude regeneration schemes from high value sale payment calculations and sale.

#### Challenge for boroughs to deliver replacements

Funding the replacement of the voluntary right to buy from an assessment of high value council homes forecast to be sold will require councils to make regular payments to the Secretary of State rather than retaining the value of their assets to reinvest in new housing.

To achieve ambitions of maximising the supply of affordable housing the government should clarify details of the additional funds that will be made available to local authorities to be able to deliver 2 for 1 replacement homes.

Additional funds should account for local authority flexibility to deliver homes of the right tenure and in the right geography as determined by the local authority.

## High income social tenants (pay to stay)

- Impact on affordability and mixed communities in London

The household income is to be set at earnings of more than £30,000, or £40,000 in London. In the capital, over 28,000 households in council or social rent properties will be affected by pay to stay across London boroughs, with a particular impact being placed on inner London households whose rents could more than treble. Boroughs should be given full flexibility to set rent at levels that reflect local affordability or else risk many areas of inner London becoming unaffordable for social tenants, impacting on the social mix of the capital. Boroughs should also be given full flexibility over any tapering system for rents as part of this policy, so as to ensure they are able to take into account any factors appropriate and relevant to safeguarding proportionate rent increase.

- Need for boroughs to retain receipts and flexibility over them

London boroughs should be treated in the same way as housing associations, and should be able to keep the rental uplift from the measures, and be given full flexibility over using receipts to deliver new affordable housing. This income could help to counter the 1% rents reduction, which we estimate will cost boroughs £800 million over four years.

- New burdens for boroughs

In the new system, boroughs will be required to collect data about tenants' incomes, which will mean new administrative burdens. If councils are unable to keep the rental uplift, London Councils would like to see the additional burden placed on boroughs arising from Pay to Stay fully funded by government.

## Planning

- New Powers for the London Mayor

New legislative powers for the London Mayor to intervene in local plans and call in more applications have been included in the Bill during its passage through the Commons. We believe that this may encroach on boroughs' planning and place-making capabilities, and suggests a misunderstanding that boroughs that are the problem to delivering the homes London needs, rather than a lack of resources.

- Resourcing Planning departments

A stronger focus on resourcing London planning departments is needed to address lack of resources to ensure an efficient planning service. Localising planning fees would contribute to creating better funded planning departments and help create a more effective, swifter and consistent planning service.

**Contact:** Oliver Hatch, Public Affairs Manager, London Councils

Email: [oliver.hatch@londoncouncils.gov.uk](mailto:oliver.hatch@londoncouncils.gov.uk) Tel: 020 7934 9558