

# London Councils

The voice of London local government

## Housing & Planning Bill Report stage, Wednesday 13 April Clauses 67 - 77 Vacant high-value local authority housing

### London Councils

London Councils represents London's 32 boroughs and the City of London. We make the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses.

London Councils supports the Government's intention to do more for aspiring home owners. However we have serious concerns about proposals to fund an extension of the Right to Buy with a levy from local authorities' housing revenue accounts. This funding model as currently designed, risks a number of unintended consequences that need addressing, particularly when for its implementation in London.

### Vacant High Value Local Authority Sales

London councils are supportive of proactively managing their assets, and many boroughs are already doing this through active regeneration programmes. However this new policy requires councils to make a regular payment to the Government based on their higher value properties, meaning that in practice many sales receipts will go to the Government rather than being retained to invest in new homes in London.

There is therefore real concern that this Bill's provisions could have unintended consequences on the supply of genuinely affordable homes in the capital, affect London's social mix, and place some estate regeneration plans at risk. London Councils maintains that it is critical that this Bill delivers:

- **An increase in housing supply**
- **A net increase in affordable housing**
- **No loss of London's social mix**
- **London's funds reinvested in London.**

## We ask for your support on the following three amendments

### Clause 67: Payments to Secretary of State. Support amendment 55.

This amendment would allow the opportunity for local authorities to retain sufficient resource to be able to pay for at least one of the replacement affordable homes provided in London to be a traditional affordable housing product (i.e. social rent, affordable rent or shared ownership).

## **Clause 72: Reduction of Payment by agreement. Support amendment 64A (Note, this was previously amendment 65)**

This amendment would allow a borough to enter into an agreement with the secretary of state to retain a payment to allow the provision of a new dwelling in a tenure that has high demand, where a borough can sufficient evidence of this demand and an intention to build a replacement dwelling.

We welcome Baroness Williams' statement in the committee stage debate that local authorities can retain funding resources to deliver replacement housing and will *'achieve value for money in doing so.'* However, it is likely that the requirement to replace two affordable homes for every one sold in London will place boroughs under significant financial pressure. London's unique land market may force boroughs to deliver the least accessible tenures of affordable housing for households on low incomes (such as starter homes) as replacements for traditional affordable homes, unless they can retain sufficient receipts to deliver the products they need. This could have a negative impact on the social mix of London. The amendments above can go some way to help prevent this as they will enable boroughs to have the flexibility to retain sufficient resources to provide a traditional affordable housing product as a replacement home. In London we anticipate that this would allow at least the first of the two products to be a traditional affordable home.

It will be important that homes sold under these provisions can be replaced swiftly to avoid an overall loss of affordable housing. It is likely to be difficult for some London boroughs to replace homes sold under this Bill locally - especially in inner London where available / affordable land can be scarce. Given the objective to replace 2 homes for every 1 sold, it will be critical that sufficient resource is made available to cover construction costs and land purchases in the right mix of housing markets across the capital.

### **Temporary Accommodation**

Both the above amendments could also help reduce pressure on temporary accommodation in boroughs, which is currently under considerable financial strain as highlighted by a recent University of York report for London Councils . On average, around one fifth of local authority lettings currently go to households from temporary accommodation, and it is critical therefore that replacement homes can be in tenures and rent levels that the local authorities determines are suitable and necessary for their local area, including tenures appropriate for households moving out of temporary accommodation. This would help reduce the costs of homelessness and help people move out of homeless accommodation and into sustainable housing.

## **Clause 68: Housing to be taken into account. Support amendment 63.**

London Councils welcomes Baroness Williams' statement in the Lords committee stage debate that certain high-value properties may be *'excluded'* from the proposed policy and we ask for your support on amendment 63. This amendment ensures that housing that has become vacant as a result of tenants transferring to alternative accommodation in the social rented sector is excluded from being sold as a high value asset.

This amendment will ensure that council tenants do not end up trapped in homes, unable to downsize or move from overcrowded properties as they may end up eligible for sale as a high-value property. The amendment would give more freedom to boroughs to manage their assets responsibly to allow the best fit for households, for example freeing up properties for households to downsize as intended by the size criteria as set out by the Department of Work and Pensions.

### **Contact:**

**Oliver Hatch, Public Affairs Manager, email: [oliver.hatch@londoncouncils.gov.uk](mailto:oliver.hatch@londoncouncils.gov.uk)  
Tel: 020 7934 9558**

*London Councils represents all 32 London boroughs and the City of London. The Mayor's Office for Policing and Crime and the London Fire and Emergency Planning Authority are also members.*