

London Councils

The voice of London local government

Housing & Planning Bill Report stage, Monday 18 April Clauses 78 - 89 Rents for high income social tenants

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.

Priority Concerns and recommendations

The 'Pay to Stay' proposals will make it mandatory for local authorities to charge social housing tenants higher rents in accordance with their income. The policy as currently proposed will apply to households with joint incomes of £40,000 or more in London. London Councils is in favour of more flexibility locally for local authority landlords to ensure rent levels and income thresholds reflect local affordability and reduce the prospect of rent arrears. The government's approach introduces significant levels of potential tension and conflict to the relationship between the council as landlord and citizens as tenants. It may increase a range of financial and non-financial pressures on local government. We believe the additional rental income raised by local authorities should not go to the Treasury, but retained by councils to invest in housing locally.

We make the following comments on two clauses

Clause 79 - Commentary on amendments 76 & 77.

These amendments provide a specific monetary value to what is considered to be 'high income'.

We support the principle behind amendments 76 and 77 which propose that the income threshold in London, currently proposed as £40,000, should be set higher. However, we believe that councils should have local determination on this issue as they are best placed to know both their local income levels and rental markets. In 2014 the average income of first time buyers in London had already reached £55,000 Boroughs should therefore have the flexibility to decide how the income thresholds are to be applied and should be given the freedom to make these decisions based on their knowledge of their rental market and their residents. Applying local flexibility will allow councils to ensure, as far as possible, that rent increases are affordable and proportionate.

This new policy will add new levels of tension and potential conflict to the relationship between the council as landlord and its citizens as tenants. This new burden carried by local government to support government policy has obvious implications for the quality of the relationship with tenants. It also vastly complicates a rent collection system that is now both simple and efficient. It is therefore critical that local authorities can have the flexibility to manage and tailor the change locally to ensure they can balance affordability, fairness and simplicity.

Clause 84 - we support amendment 78 to delete Clause 84

This Clause allows for regulations to require local authorities to pay the Secretary of State based on an estimated increase in income.

We believe that this clause should be deleted and that local authorities should therefore be able to retain any additional income raised through this policy. London faces a severe shortage of housing, and additional income gained, if retained locally, could be invested in the delivery of much-needed new homes. **This clause should therefore be deleted to allow for local authorities to keep the income delivered from the rental uplift, so as to enable them to be on par with housing associations who are allowed to retain the funds to invest in new housing.** We believe that boroughs will make best use of the funding to counter the impact of the rent cut of 1% per year for four years, which is significantly reducing the capacity of boroughs' housing revenue accounts and is likely to result in a reduction in investment in new and existing homes.

Contact:

Oliver Hatch, Public Affairs Manager, email: 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.