

London Councils

The voice of London local government

Housing & Planning Bill Committee stage Clauses 56 - 61, Right to buy

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.

We are not commenting on specific amendments to this chapter of the Bill, but do want to make a number of comments and observations on the impact of the government's provisions. We would want to ensure that:

- **The Government explores demand management measures to ensure the cost of the discounts don't place too great a burden on the public purse.**
- **London boroughs can be confident that necessary safeguards will be put in place to prevent the Right to Buy from hindering estate regeneration potential.**
- **Housing association homes are replaced swiftly, and are not displaced to parts of the country with lower housing needs or lower affordability challenges.**
- **Given the extent of the housing crisis in London, the Government should direct housing associations to use receipts from Right to Buy sales within London to re-provide affordable properties to meet London's housing needs.**

Right to buy: voluntary deal

In the absence of full Parliamentary scrutiny, it is vital that the effect of the voluntary deal struck by the Government and housing associations on the supply of affordable housing in London is properly understood. This voluntary deal could pose a genuine risk to the supply of affordable homes in London. It also means this Bill contains little detail on how the Right to Buy for housing association properties will work. This is therefore a significant measure which will receive little or no Parliamentary scrutiny.

London Councils maintains that it is critical that this policy 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.

Right to buy: costs

There are around 340,000 housing association tenant households in London who would be newly eligible for the Right to Buy under the government proposals. However housing association tenants are an untested market for the Right to Buy and therefore it is difficult to predict the level of sales. Building on experience from council right to buy and taking into account pent-up demand, estimates suggest that London could see an average about 4,400 - 5,300 homes sold through housing association Right to Buy annually. Numbers could be greater. This creates a significant risk for the Government and for boroughs, who are currently expected to pay for this policy.

Impact on regeneration schemes

Estate regeneration is critical to increasing supply, particularly in the context of reduced public funding and rising land values in London - especially inner London. Many boroughs have ambitious estate regeneration plans that would provide more homes through increasing housing density on poorly utilised public land and improving housing conditions and standards. These schemes often diversify tenure, introducing more homes for purchase, at the same times as adding overall to housing supply in London. Crucially for councils it is a way of meeting local resident demand and potentially a way of helping to sustain development across economic and funding cycles. This will be key to driving housing supply over the years ahead.

Local experience shows that buying out leaseholders is a costly up front activity before regeneration can take place. A greater number of leaseholders created by the extension of the Right to Buy could drive up costs and delays until regeneration becomes unviable, reducing the scope of what London can do to increase housing supply in the years ahead.

Right to buy: replacements

We would also be significantly concerned if housing associations chose to replace their units sold in London in cheaper areas outside the capital. Housing associations in some parts of London have limited opportunities to provide additional affordable housing supply. This difficulty is magnified by the high costs of developing in London combined with limited public subsidy. From the perspective of registered providers, it can make more economic sense to deliver replacement affordable homes in lower cost areas. However this could compound London's housing crisis by supporting a shift of affordable housing from areas of higher need to areas of lower need. Evidence suggests that council Right to Buy homes have been very difficult to replace, with only one new home built for every eight homes sold in London on average.

If housing associations have the freedom to replace homes sold in London in other parts of the country, and freedom over the tenure of replacements, there is a strong chance that the supply of affordable homes in London will be negatively affected. This will add to boroughs' housing waiting lists and increase reliance on expensive temporary accommodation. London already houses three quarters of the country's temporary accommodation with over 49,000 households in temporary accommodation, and £730 million of public money was spent on homelessness in London in 2014/15.

Homes sold under the Right to Buy should be replaced by properties in the right location and of the right tenure. Boroughs will also need the confidence that they can continue to nominate households from temporary accommodation and their waiting lists to these properties, to avoid maintaining households for longer in more expensive temporary accommodation.

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 in membership