

Local Government Association briefing
Housing and Planning Bill
House of Lords, Third Reading
27 April 2016



KEY MESSAGES

- Local government can play a key role in building more homes. Local authorities should be able to develop a locally responsive mix of housing tenure that works towards supporting home ownership, expanding stock where it is most needed and meeting demand, while reducing welfare spending.
- **Starter Homes:** A number of welcome changes have been made at Report Stage to strengthen the Bill. These include increasing the restriction on the resale of Starter Homes and giving local authorities discretion over the number of Starter Homes built in their area. The discretion for local authorities to determine the number of starter homes built locally, alongside affordable homes for rent, will be critical for ensuring new housing meets the needs of communities.
- **High value housing:** Councils should be free to manage their housing assets and to retain 100 per cent of receipts to invest in new and existing homes. As a minimum all councils should retain sufficient funds to replace each home sold on a like for like basis. Negotiations between central and local government must empower councils to take into account the impact of wider housing reforms on the responsibilities of councils to meet housing needs, giving councils flexibilities to retain a proportion of receipts to build more than one home for every sold should it want to.
- **The LGA acknowledges the intent of amendment 2 led by Baroness Williams of Trafford, but cannot support it.** The amendment retains discretion for the Secretary of State to decide whether or not to enter into an agreement with a council, adding that any agreement must place requirements on a council to replace one for one, and without guaranteeing that councils will be able to retain sufficient receipt to replace each property with a tenure of that meets local need.
- **Therefore, we support amendment 6, led by Lord Kerslake, which would give councils the powers to retain a proportion of receipt necessary to replace every home sold with another of the same tenure**
- **High income tenants:** In our view the option for councils to increase rents for tenants should be voluntary for councils and not mandated. The Government must follow through on its commitment to look at local discretion where the administrative costs outweigh the additional rent collected. We support the increase to the higher income definitions, and a taper to protect work incentives.
- **Secure tenancies:** Councils should be free to manage their tenancies in a way that drives best value from stock while supporting strong local communities. We welcome the changes to the Bill increasing the fixed-term from five years to ten years, introducing exemptions for families with school-aged children, and the Government's commitment to look at other possible

Briefing

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exemptions. **Therefore, we support amendments 21 to 30, led by Baroness Williams of Trafford.**

- **Planning:** An effective democratically-led planning system is critical to good place-making that drives growth and prosperity and delivering the homes we need. We have supported amendments to the Bill which would: enable local planning authorities to require affordable housing contributions from smaller developers; introduce safeguards into the proposals to introduce competition into processing of planning applications and allow councils to set planning fees locally to ensure cost recovery. **The LGA supports the intent of amendment 10, led by Baroness Williams of Trafford, on permission in principle.**

BACKGROUND INFORMATION

Starter Homes

As local planning authorities, councils need the power and flexibility to shape the number and type of Starter Homes within and across developments. This should be alongside different types of affordable homes and in line with local plans to meet local assessments of need and viability, which is crucial for securing community support for development. The change to the Bill to this effect during Report Stage is very welcome. We also welcome the changes to increase the restrictions on the resale of Starter Homes.

Forced sale of vacant high value local authority housing

Local authorities should retain all receipts from the sale of vacant high value homes and from council Right to Buy in order to invest locally in new homes that communities need. We oppose proposals for a formula that would allow the Secretary of State to require regular payments from councils based on a central government estimate of income from the sale of vacant high value homes. Councils already consider the best use for their assets and any new to sell stock must be balanced against local housing need.

The Bill gives the Secretary of State the flexibility to establish, through regulations, details to determine the impact across different areas, such as the definition of high value and at what geographical level. It is therefore difficult to assess the impact on councils. However, we forecast councils are to sell 66,000 homes through council Right to Buy up to 2020, and the combination of the forced sale of high value homes and required rent reductions will make building replacement homes significantly more difficult.

The Government must therefore commit to enabling councils to retain sufficient funds to replace every lost council homes in the local area in order to meet local housing need, as set out in its manifesto. The Bill does allow for a negotiation between Government and individual local authorities on the payments and on retention of receipts, and for certain properties to be exempt. It is crucial that these negotiations are based on the impact of the policy on the wider responsibilities of councils to meet housing needs, and cover the cumulative impact of other policy reforms, such as the required social rent reduction set out in the Welfare Reform and Work Bill.

We welcome changes to the Bill that will give Parliament the opportunity to scrutinise regulations on the payments from councils to the Secretary of State from high value housing.

Amendment 2, clause 73, Baroness Williams of Trafford

The LGA acknowledges the intent of this amendment to include one for one replacement. However the amendment retains discretion for the Secretary of State to decide whether or not to enter into an agreement with a council, adding that any agreement must place requirements on a council to replace one for one, and without

guaranteeing that councils will be able to retain sufficient receipt to replace each property with a tenure of that meets local need. All councils should be able to retain receipts to replace every home sold as a result of this policy with the tenure that best meets local needs.

Amendment 6, clause 73, Lord Kerslake

The LGA supports this amendment which would give councils the powers to retain a proportion of receipt necessary to replace every home sold with another of the same tenure, and also to retain the freedom to decide on the tenure of each replacement home. All councils should be able to retain receipts to replace every home sold as a result of this policy with the tenure that best meets local need.

Rents for high income social tenants

The LGA supports the change to the Bill so that increasing rents for high income tenants is voluntary for councils, as it will be for housing associations. Councils should also retain any additional income to reinvest in new and existing housing, not just the administrative costs of the scheme. As part of a voluntary scheme, the LGA supports the intent of introducing a taper that would aim to support work incentives and remove the 'cliff edge' for tenants.

Secure tenancies

The Localism Act 2011 introduced flexible tenancies in acknowledgement that 'a one size fits all model on rents and tenancies is not the best answer to the wide range of needs and circumstances of those accessing the social rented sector. Councils should be free to manage their tenancies in a way that drives best value from stock while supporting strong local communities.

Amendments 21 to 30, Baroness Williams of Trafford

We welcome the changes to the Bill increasing the fixed-term from five years to ten years, introducing exemptions for families with school-aged children, and the Government's commitment to look at other possible exemptions.

Planning

Councils have a crucial role in tackling the housing shortage and ensuring good quality and affordable homes are available where they are needed. Councils should be able to require, through the planning system, contributions towards affordable housing from developers of smaller sites if the needs of local communities warrant them and where viability allows. The change to the Bill to this effect during Report Stage is very welcome. Applicants and developers need stability from the planning system in order to deliver the homes we need. It is important that the proposals to introduce competition in the processing of planning applications do not destabilise local success or add complexity, uncertainty and additional costs to the planning system.

The introduction of locally-set planning fees would enable councils to deliver responsive council planning services that are crucial to growth and building the homes we need. Councils have had to spend in excess of £450 million covering the costs of processing applications over the last three years.

Amendment 10, clause 150, Baroness Williams of Trafford

The LGA broadly supports the amendment on permission in principle. This amendment would introduce a degree of flexibility for local planning authorities on when permission in principle takes effect and/or ceases to have effect. Efforts to introduce a permission in principle should ensure that communities continue to have a say on decisions that affect them through their local planning committees. In addition, the permission in principle proposals should avoid creating undue complexity or confusion within the existing planning system.