

Local Government Association briefing

Housing and Planning Bill, House of Lords, Report Stage

18 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.

Rents for high income social tenants (clauses 78 to 86)

- Proposals to increase rents for high income tenants should be voluntary for councils as it will be for housing associations. Councils should also retain any additional income to reinvest in new and existing housing.
- Local flexibilities will enable councils to implement the policy in a way that does not act as a disincentive for tenants to increase their earnings, retains key workers and balances policy implementation with significant administrative complexities and costs.
- **As such, the LGA supports amendments 72, 75, 76, and 78, led by Lord Kennedy of Southwark, Lord Kerslake and Baroness Bakewell of Hardington Mandeville; and government amendment 73A led by Baroness Williams of Trafford.**

Reducing regulation of social housing (clauses 90 and 91)

- It is important that the reduction of regulations affecting housing associations supports the critical relationship between councils and housing associations in meeting the housing needs of local communities, particularly the most vulnerable for which the councils have statutory duties to support. **The LGA does not support amendment 78A, led by Baroness Williams of Trafford.**

Secure tenancies (clauses 113 and 114, and Schedule 7 and 8)

- Councils should be free to manage their tenancies in a way that drives best value from stock while supporting strong local communities. We are concerned the Government's proposals would remove flexibilities on councils to offer different kinds of tenancies in response to local need.
- **The LGA supports amendment 79 led by Lord Kerslake, Lord Beecham, and Baroness Bakewell of Hardington Mandeville; amendment 80 led by Lord Kennedy of Southwark; amendment 80AZB led by Lord Porter of Spalding; amendments 80A and 81A led by Lord Bassam of Brighton, Lord Watson of Invergowie, and Lord Kerslake; and amendments 80B and 81 led by Lord Kerslake, Lord Beecham and Baroness Bakewell of Hardington Mandeville.**

Briefing

BACKGROUND INFORMATION

High income social tenants mandatory rents (clauses 78 to 86)

Amendment 72, Clause 78, Lord Kennedy of Southwark, Lord Kerslake, Baroness Bakewell of Hardington Mandeville

The LGA supports amendment 72 which would make it voluntary for councils to charge close to market rents for tenants defined as high income.

Amendment 73A, Clause 78, Baroness Williams of Trafford

The LGA supports amendment 73A which would allow for regulations to create exceptions for high income tenants of social housing of a specified description.

Amendment 75, Clause 78, Lord Kennedy of Southwark, Lord Kerslake, Baroness Bakewell of Hardington Mandeville

Amendment 75 would give councils the flexibility to decide not to alter the rent charged to high income tenants where the administrative costs outweigh the additional income, and to keep any additional revenue to reinvest in housing.

Amendment 76, Clause 79, Lord Kennedy of Southwark, Lord Kerslake, Baroness Bakewell of Hardington Mandeville

The LGA supports amendment 76 seeking to set the annual income of a household defined as high income at a higher rate than has been proposed.

Amendment 78, Clause 84, Lord Kennedy of Southwark, Lord Kerslake, Baroness Bakewell of Hardington Mandeville

Amendment 78 would enable councils to retain all the additional rental income raised from implementing higher rents for households defined as high income.

The LGA does not support proposals in the Bill to require councils to charge mandatory rents for high income tenants and to take a sum of money from councils based on a national estimate of the additional income from higher rents. The Government has allowed housing associations the flexibility to determine whether or not they increase rents for high income tenants, and that receipts are retained locally. The same flexibilities should be applied to councils and their tenants.

Councils have already developed tenancy strategies that balance meeting the needs of tenants and communities while delivering best value from their housing stock. Councils would be able to use local flexibilities to ensure that rental changes do not discourage tenants from increasing their earnings, housing remains affordable for key groups such as those working in education, healthcare and other public services, and the reforms are not implemented where the administrative costs associated with delivery outstrip the financial returns from increased rental income.

The proposed national high income household thresholds are £40,000 for London and £30,000 outside London. Local flexibility would also enable councils to remove any unintended consequences emerging from implementation, such as penalising hard working families. For instance, it is not fair for a couple with three children earning £15,000 each to be classified as high income. Research commissioned by the LGA, undertaken by Savills, suggests:

- Should the policy be mandatory for all social tenants, 12 per cent of all social tenants in the East of England would be affected and five per cent

would not be able to afford market rent or to pursue Right to Buy. This would mean they would have to leave the area to find a similar property.

- Similarly, seven per cent of social tenants in the South East would be affected, and four per cent would have to leave the area for a similar property. In London, four per cent of social tenants would be affected, and just over two per cent would have to leave to find a similar property.

Reducing regulation of social housing (clauses 90 and 91)

Amendment 78A, Baroness Williams of Trafford

The LGA does not support Amendment 78A which would reduce the influence of local authorities over private registered providers and therefore affect partnerships to meet local housing need.

It is important that the reduction of regulations affecting housing associations supports the critical relationship between councils and housing associations in meeting the housing needs of local communities, particularly the most vulnerable for which the councils have statutory duties to support.

Secure tenancies (clauses 113 and 114, Schedule 7 and 8)

Amendment 79, Clause 113, Lord Kerslake, Lord Beecham and Baroness Bakewell of Hardington Mandeville

The LGA supports amendment 79 which would enable councils to continue to have the flexibility to introduce tenancies best meeting local need, as was the intention of the Localism Act 2011.

Amendment 80, Schedule 7, Lord Kennedy of Southwark

The LGA supports amendment 80 which would increase the maximum new secure tenancy to 10 years.

Amendment 80A, Schedule 7, Lord Bassam of Brighton, Lord Watson of Invergowrie, and Lord Kerslake

The LGA supports amendment 80A which would require councils to grant a secure tenancy for the length of time that any child living in such dwelling-house is in full time education.

Amendment 80AZB, Schedule 7, Lord Porter of Spalding

The LGA supports amendment 80AZB which would allow councils to grant a secure tenancy while the tenant has children in full-time education or if the tenant is the parent or carer of a person resident in the property who is in receipt of disability benefits.

Amendment 80B, Schedule 7, Lord Kerslake, Lord Beecham and Baroness Bakewell of Hardington Mandeville

The LGA supports amendment 80B which ensure councils continue to have the flexibility to introduce tenancies best meeting local need, as was the intention of the Localism Act 2011.

Amendment 81, Clause 114, Lord Kerslake, Lord Beecham and Baroness Bakewell of Hardington Mandeville

In addition, the LGA supports amendment 81 which would also enable councils to continue to have the flexibility to introduce tenancies best meeting local need, as was the intention of the Localism Act 2011.

Amendment 81A, Schedule 8, Lord Bassam of Brighton, Lord Watson of Invergowrie, and Lord Kerslake

The LGA supports amendment 81A which would require councils to grant a secure tenancy for the length of time that any child living in such dwelling-house is in full time education.

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’^[1]. Councils should retain the freedom to manage locally their Tenancy Policy and decisions over tenancies. Housing markets vary from place to place and blanket national enforcements may risk impacting on coordinated local efforts to balance efficient use of stock while building stable neighbourhoods and communities.

Further, the requirement to review each tenancy every five years would be a significant administrative burden on councils. We would like to support the Government to work with councils in order for it to understand the impact of fixed-term tenancies, and to then be able to use the information to inform future tenancy strategy.

^[1] For further information please visit: <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>