

Debate on social housing

House of Commons

13 June 2019



KEY MESSAGES

- Social housing should be treated as an important national investment and seen as a desirable long-term option for a home. Councils have a key role to play in this. The last time we built at least 250,000 homes a year, councils delivered more than 40 per cent of them.ⁱ
- The Government has accepted our long-standing call to scrap the housing borrowing cap, which is good news. This could lead to up to 10,000 additional new homes a year.
- The number of homes built for social rent each year has fallen from over 40,000 in 1997 to 6,000 in 2017.ⁱⁱ This has pushed many people into often more expensive and less secure private rented homes. The housing benefit bill paid to private landlords has more than doubled since the early 2000s.
- Councils want to encourage home ownership, without a corresponding decline in the number of social rented homes. It is essential that the Right to Buy is reformed so that councils can replace every social rented home sold.
- We welcomed the social housing green paper, published in August 2018, and the positive intent it showed. The green paper is only a small step towards delivering the number of social homes the country needs.
- Planning is not a barrier to building. Councils are approving nine in ten planning applications. Housebuilders currently have 423,000 homes with permission that they are still to build.ⁱⁱⁱ
- Councils need long-term funding certainty in order to invest properly in social housing. The local government funding gap is estimated to rise to £8 billion by 2024/25. It is vital that the Government uses the 2019 Spending Review to deliver truly sustainable funding for local government.

Briefing

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FURTHER INFORMATION

Housing delivery

According to Government statistics, new housing completions in 2017/18 reached 163,250. This is a 16 per cent increase from the previous year.^{iv} It is positive news that more homes are being completed. The figures show that whilst private developers built 134,110 and housing associations 27,410 only 1,730 houses were completed by local authorities.

The lifting of the Housing Revenue Account (HRA) borrowing cap was a welcome and necessary step, which councils and the LGA had long called for. The Government has estimated this will lead up to 10,000 new homes a year. This is a significant contribution to the estimated 100,000 social homes a year needed. Councils will need to build the capacity in their housing teams, and we will be working to ensure the sector is well equipped to build houses at scale.

Despite substantial constraints in recent years, councils have been working hard to build new homes. We recently looked in-depth at innovation in house-building via HRAs. Our research demonstrated how councils are building some of the best quality housing, on some of the most difficult sites, and meeting the needs of people not being catered for by other developers.^v

A 2019 LGA survey shows that 94 per cent of housing stock-owning councils (59) saying they will use the removal of the borrowing cap to accelerate or increase their housebuilding programmes to build homes desperately needed in their communities.

The number of homes built for social rent each year has fallen from over 40,000 in 1997 to 6,000 in 2017. The LGA said this decline has resulted from the policies of successive governments, such as rules and restrictions hampering the ability of councils borrowing to build. This loss of social housing has led to more and more individuals and families finding themselves pushed into an often more expensive and less secure private rented sector. As a result, the housing benefit bill paid to private landlords has more than doubled since the early 2000s.

Ninety-two per cent of councils are clear that more support from government is needed if councils are to resume their historic role as major housebuilders and reverse this decline in social housing. There are 205 councils who no longer own any housing stock in their area so will be unable to use new borrowing powers.

Right to Buy

Councils want to encourage home ownership, without a corresponding decline in the number of social rented homes. It is therefore essential that the Government enables councils to keep 100 per cent of receipts from Right to Buy (RtB) sales to invest in new housing. Under current arrangements councils are only able to retain a third of receipts from the sale of homes. Local authorities have lost enough homes to house the population of Oxford in the last five years.^{vi}

Recent LGA analysis reveals almost £3.5 billion in RtB discounts have been handed out to council tenants over the past six years, at an average of £60,000 in 2016/17.^{vii} This has led to a quadrupling in the number of RtB sales, which councils have been unable to keep up with and replace. This loss of social rented housing risks pushing more families into the private rented sector, driving up housing benefit spending, and exacerbating our homelessness crisis.^{viii} In order to put Right to Buy on a sustainable financial footing, councils must be able to set sale discounts locally. This

would enable councils to align their RtB policies with the local housing market, and with the demand for social rented housing in their area.

The social housing green paper

The Government published its social housing green paper in August 2018, setting out its proposals to reform the relationship between tenants and landlords.^{ix} We welcome the green paper, and the positive intent it signals towards delivering more affordable housing.^x However, the green paper is only a small step towards plugging the gap in housing supply, compared with the immediate need for more genuinely affordable homes.

It is good that the Government has listened to our concerns and dropped plans to force the sale of council homes. We have worked hard to demonstrate the need to change this policy, which would have forced councils to sell off large numbers of the homes desperately needed by low-income families.

Councils and the Government should develop social housing, private rented housing and home ownership as equally desirable options for different people at different periods in their lives. Reforming Right to Buy (RtB) so that the policy is sustainable for both those seeking a social rented home, and those wanting to buy their own home, would be a welcome start.

Planning

Planning is not a barrier to building. Councils are working hard to use planning effectively to deliver the right kind of homes. However, planning departments are severely under-resourced. Taxpayers are subsidising the costs of planning applications by around £200 million a year.^{xi} A proactive, well-resourced planning system could do far more to deliver the additional homes the country desperately needs. It could also help to deliver them in ways that meet wider national objectives on infrastructure, public health and the environment.

It is important not just to deliver additional homes, but to ensure they are built in the right places with the health and wellbeing of their communities in mind. This means giving residents access to: local public transport; employment and leisure; green spaces and essential services.

We are pleased that the Government has passed regulations enabling planning authorities to raise fees by an initial 20 per cent.^{xii} A further 20 per cent increase should be allowed for all local planning authorities, so that councils are fully able to facilitate local housing and infrastructure development. This flexibility should not be dependent on meeting nationally-set performance criteria which risk creating perverse incentives and unintended consequences. There should be a fair and transparent scheme of local fee setting, giving councils the flexibility to set appropriate fees to reflect local circumstances.

Permitted development rights

Since 2013, developers have had a national right to convert office space into residential homes, a right they have wholly embraced with nearly seven per cent of new homes provided in this way in the last three years. Because they are exempt from the full local planning process, they come forward with minimal scrutiny and outside of local authority control.

These homes are also delivered without making any contribution towards affordable housing, which other forms of developments are required to do. This means that we are losing out on thousands of affordable homes which would be delivered if these

homes went through the planning system.

Research by both the LGA and Shelter has shown the scale of this loss. Both organisations have calculated that more than 10,000 affordable homes have potentially been lost since 2015.^{xiii} The result is that thousands of families remain in temporary accommodation and on council house waiting lists for years, despite levels of housebuilding rising – underlining that we need to think more about what we build as well as how many homes we build.

Permitted development rights have caused extensive problems. The current proposals to allow for demolition of existing buildings and replacement with new residential ones, and for upwards extensions to existing buildings for new homes through a permitted development right, should not be pursued. We call on the Government to instead focus on delivering the affordable, high quality homes that people want and need through the local planning process.

ⁱ LGA Media release, March 2018 (<https://www.local.gov.uk/about/news/lga-responds-latest-government-house-building-figures>)

ⁱⁱ <https://www.local.gov.uk/about/news/lga-survey-councils-use-borrowing-powers-accelerate-homebuilding-programmes>

ⁱⁱⁱ LGA, Planning Positively through Partnership, February 2018 (https://www.local.gov.uk/sites/default/files/documents/5.24%20Planning%20positively_v06.pdf)

^{iv} MHCLG, House building; new build dwellings, England: December Quarter 2017

^v <https://www.local.gov.uk/topics/housing-and-planning/innovation-council-housebuilding>

^{vi} <https://www.local.gov.uk/about/news/lga-responds-latest-government-right-buy-sales-stats>

^{vii} MHCLG, Right to Buy statistics by local authority area

^{viii} LGA media release, March 2018 (<https://www.local.gov.uk/about/news/lga-responds-new-planning-laws-councils>)

^{viii} LGA media release, March 2018 (<https://www.local.gov.uk/about/news/barn-conversion-developments-heap-more-pressure-rural-schools-roads-and-affordability>)

^{ix} MHCLG, Social housing green paper: a 'new deal' for social housing, August 2018 (<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>)

^x LGA response, social housing green paper, August 2018 (<https://www.local.gov.uk/parliament/briefings-and-responses/social-housing-green-paper-briefing-15-august-2018>)

^{xi} LGA, 'Development deadlock: council planning departments 'hampered' by missing out on £70 million' (<https://www.local.gov.uk/about/news/development-deadlock-council-planing-departments-hampered-missing-out-ps70-million-lga>)

^{xii} The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017 (<http://www.legislation.gov.uk/ukxi/2017/1314/introduction/made>)

^{xiii} <https://www.local.gov.uk/open-letter-permitted-development-rights>