

2 December 2015

## **Housing and Planning Update**

### **Purpose**

For discussion and direction.

### **Summary**

This paper updates and seeks a steer on the Board's policy and lobbying work on current housing and planning reforms, including the Housing and Planning Bill and the Welfare Reform and Work Bill, and recent Spending Review announcements.

The Board will also hear a presentation from Neal Hudson, Executive Director of Research at Savills, on the research the Board has commissioned on the impacts of housing reforms on housing supply and tenure of stock.

### **Recommendation**

Members are asked to: comment on and provide a steer for LGA activity on housing and planning issues.

### **Action**

To be taken forward as directed.

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## Housing and Planning Update

### Background

1. This paper updates and seeks a steer on the Board's policy and lobbying work on current housing and planning reforms, including the Housing and Planning Bill and the Welfare Reform and Work Bill, and recent Spending Review announcements.

### Spending review

2. The full LGA Spending Review [On the Day Briefing](#) is available online. New housing and planning proposals include:
  - 2.1. **Help to Buy shared ownership.** Government will allow more people to buy a share in their home, a scheme will be open to all households earning less than 80,000 outside London and 90,000 in London and will relax and remove restrictions such as local authorities' rights to set additional eligibility criteria. The Board will seek more detail with government on the implications for councils and their tenants, the LGA has argued councils should be free to manage their assets and that they should not be forced to off shared ownership schemes where it does not best meet local housing need.
  - 2.2. **Public land and assets.** Councils will have welcome flexibilities to spend 100 per cent of their fixed asset receipts on the revenue costs of reform projects. Government will seek to further encourage councils to release surplus assets by requiring councils to record details of their assets, extending the One Public Estate programme, and providing more support to dispose of council sites to be used for housing. Councils are set to bring forward a significant amount of land for homes, and the Board has encouraged government to match this ambition by allowing councils the power to direct surplus public land and to retain 10 per cent of generated receipts locally.
  - 2.3. **Housing Benefit cap.** Government will cap the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance. Councils already charge the lowest rents of all providers and it is important that they are able to meet their statutory duties to house vulnerable tenants. The measure will likely have a greater impact on Register Social Landlords that charge higher rents on average.
  - 2.4. **Homelessness and temporary accommodation.** Government will increase funding to invest in innovative ways of preventing homelessness and reform the current management fee funding mechanism for temporary accommodation. The Board will work with government to understand the implications of this, and to ensure that councils are fully funded for meeting their obligations to provide temporary accommodation.
3. Further proposals impacting on existing reforms, such as on Starter Homes, are included into the following sections.

## **Housing and Planning Bill**

4. The Housing and Planning Bill includes a range of proposals that will impact on local government's capacity to meet housing duties and to carry out functions as local planning authorities, and it will significantly impact councils with housing stock.
5. The LGA briefing on the first reading summarises proposals and initial views, including:
  - 5.1. **Extension of Right to Buy to housing association tenants.** The Board has projected the discount will cost a minimum £6 billion up to 2020 and continues to argue that discounts must not be funded by forcing councils to sell homes. It is pushing alternative funding sources, for instance by developing on the wider public estate. The Board has opened discussions with government and housing associations on the repercussions of the voluntary agreement to deliver the extended Right to Buy, for instance on the tenure and location of replacements, and on the potential de-regulation package for housing associations.
  - 5.2. **Forced sale of high value council homes.** The Board continues to argue that councils should be free to manage their stock as appropriate and retain 100 per cent of all receipts from sales, and is opposing the use of a national formula to generate a payment for each council to pay into government. The Board has also been exploring and pushing a range of mitigating exemptions, caps and flexibilities that would enable councils to reduce the impact of the policy on communities.
  - 5.3. **Mandatory rents for high income tenants.** The Board continues to expose challenges in implementing Pay to Stay, calling for a voluntary implementation rather than mandatory so that councils can ensure homes remain affordable for tenants and incentivises them to increase earnings; retain and reinvest additional rental income into housing stock, and; manage down administrative burdens.
  - 5.4. **Rogue landlords.** The Board continues to push for tougher penalties on persistent rogue landlords. The Bill introduces a range of new measures that are welcome provided new duties on councils are funded, the Board is pushing for this to go further and for magistrates to have the powers to award tougher sentences, which could include jail, for the worst offenders.
  - 5.5. **Delivering 200,000 Starter Homes.** The Board has continued to push the case for local planning authorities to have the powers and flexibilities to shape the delivery of starter homes alongside sub-market rented housing in line with their local assessments of need and viability, including the local connection test. It is arguing for starter home discounts to remain in perpetuity until a local planning authority determines that there is no longer need for discounted home ownership products. In the Spending Review, government has made £2.3 billion available for developers to support the delivery of up to 60,000 starter homes. The Board continues to expose the impact of exempting Section 106 and Community Infrastructure Levy from Starter Homes, reducing investment in infrastructure and affordable rented homes.
  - 5.6. **Permission in principle.** The Board continues to make the case for locally led planning responding to the needs of local communities and employers, and is expressing concern with proposals for government to be able to grant 'permission in principle' to identified sites in Local Plans, in neighbourhood plans, and to the Brownfield Register. It is working with government to ensure that councils will have the influence, for instance through the technical details, to ensure developments meet local need.

## **Welfare Reform and Work Bill**

6. The Board has led the LGA's response to the housing elements of the Welfare Reform and Work Bill, focusing on:
  - 6.1. **Requirement to reduce social rents by 1 per cent a year over 4 years.** The Board is continuing to argue that councils should not be subject to required rental reductions, which would cost £2.6 billion up to 2020 and leave a gap of £1 billion thereafter. The majority of council tenants claim housing benefit and would not gain from the proposal, which largely generates increased savings for government. The Board is exploring other mitigating proposals, such as exemptions to protect investment in key properties, mandatory consultation with tenants on any rent changes, and the re-establishment of self-financing agreement from 2020.
  - 6.2. **Exemption of temporary accommodation from the benefit cap.** The Board continues to make the case to protect investment into temporary accommodation which can be more expensive and for which demand will likely increase, at least in the short term, should sales of sub-market rented homes spike before replacements can be built in coming years.

## **Other active policy areas**

7. Public land – the Board is working with the government to explore how councils can enable the development of the wider public estate including a new power to direct the sale of surplus public land.
8. Skills to build – the Board is working with the Construction Industry Training Board to further evidence the need to adapt to increasing demand for construction skills
9. Review of lifetime tenancies – the LGA is working with officials to ensure that councils have the freedom to manage local tenancy strategies as appropriate locally.
10. Local Plans review group – the Board has engaged with the review team, submitting written evidence and meeting to push for the simplification of the plan-making process.
11. Community Infrastructure Levy (CIL) review group – the Board has helped appoint council officials onto a government group reviewing the future of CIL.

## **LGA policy, press and parliamentary activity**

12. The LGA continues to develop the policy case for mitigating the impacts of reforms on councils and communities, for instance since the last Board meeting it has:
  - 12.1. Held regular meetings with Ministers and senior civil servants to mitigate the impact of housing policies on councils.
  - 12.2. Undertook and commissioned research on the repercussions of national housing policy, such as that with Savills.
  - 12.3. Engaged with government on policy detail through technical working groups, such as the starter homes working group and sale of high value assets technical working group.

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- 12.4. Arranged and hosted seminars between councils and government officials, such as Chief Executive sounding board, starter homes seminar, and high value assets seminar.
- 12.5. Responded to formal consultations such as on implementing Pay to Stay proposals.
13. Since the last Board, the LGA has published research drawing a wide range of press and public attention to key housing and planning asks, for instance:
  - 13.1 Objections to the forced sale of council homes and offer to bring forward development on the wider public estate in the Guardian.
  - 13.2 Calls for councils to retain a 100 per cent of receipts from all council home sales on the BBC.
  - 13.3 Evidence on the cost impact of proposed social rent reductions in the Financial Times.
  - 13.4 Calls for councils to be able to locally determine the mix of affordable homes in the Financial Times.
  - 13.5 Analysis of the costs of nationally set planning fees, and calls for locally set fees in the Financial Times.
  - 13.6 Calls for tougher sentences for rogue landlords.
14. The LGA has increased parliamentary activity as the Housing and Planning Bill and the Welfare Reform and Work Bill progresses through parliament, including:
  - 14.1 Giving evidence to the CLG Committee, Housing and Planning Bill Committee, and Welfare Reform and Work Bill Committee.
  - 14.2 Publishing and sharing regular parliamentary briefings, included in official Houses of Parliament briefings for MPs and Lords.
  - 14.3 Regular meetings with MPs and Lords, including hosting parliamentary briefing sessions hosted by LGA Vice Presidents.
  - 14.4 Support and briefings for individual amendments.

### **Next steps**

15. Members are asked to discuss and steer next steps. It is proposed that the Board:
  - 15.1 Continue parliamentary and campaigning activity supporting amendments mitigating the impact on communities and council capacity to meet local community need.
  - 15.2 Further develop the evidence case on the impact of housing and planning reforms, including future work with Savills to be presented at the Board, a survey of local authorities, and research on unimplemented planning permissions.
  - 15.3 Build further evidence and press and public support on the need for councils to have the powers and flexibilities to meet local housing needs.

### **Financial Implications**

16. None.