

## HOUSING SERVICE UPDATE

### Housing and Planning Bill Proposals

#### 1.1 Starter Homes

1.1.1 The government has previously announced that it intends to build 200,000 starter homes exclusively for first time buyers under the age of 40 at 20 per cent less than market value, with an initial cap at £450,000 in London and £250,000 outside. Households will be prevented from selling the home again within five years. The Bill creates a new duty on all local authority planning departments to promote the supply of starter homes in their area. Starter homes are being promoted by the Government as an alternative to other affordable housing tenures such as shared ownership, social and affordable rent and discount market rents. The main thrust of the announcement is that councils will not be allowed to demand one type of affordable housing (such as rented) over another (starter homes) in Section 106 agreements. Starter homes will now be counted as affordable housing for planning purposes.

1.1.2 The Bill will allow the Government to set regulations requiring starter homes to be included on residential sites as a condition of securing planning permission. These regulations will be issued at a later date but may mean that planning permission may only be granted where a particular number or proportion of Starter Homes are provided on site.

#### 1.2 Extension of the Right to Buy

1.2.1 Following the agreement struck between the Government and the National Housing Federation whereby Housing Associations (HAs) will extend the Right to Buy to their tenants on a voluntary basis, the Bill sets out provisions that will enable the Government to make payments to HAs to compensate them for the cost of the discounts on offer. This will apply to those tenants who have held a tenancy for 3 years or more, with discounts worth up to £77,900 outside London and £103,900 in London.

#### 1.3 Sale of High Value Local Authority Homes

1.3.1 Local Authorities which have retained ownership of their housing stock will be required to sell high value homes as they become vacant. The intention is to use some of the receipts from these sales to fund the extension of the Right to Buy to HA tenants.

1.3.2 The Bill will also allow the Government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from

the sales of high value homes. Authorities will then be required to pay this amount to the Treasury.

- 1.3.3 Neither the definitions of high value nor the mechanism by which the Government will calculate the amount owed by each stock retaining authority are contained within the Bill. This and other details will be set out in regulations to be published at a later date.

#### **1.4 High Income Social Rents: Mandatory Rent (Pay to Stay)**

- 1.4.1 Social Housing tenants with household incomes of £40,000 and above in London and £30,000 and above in the rest of England will be required to “Pay to Stay” by paying a market or near market rent. Social tenants will be required to declare their income to their landlord and the Bill will allow social landlords to share this data with HMRC in order to verify that the information they have been given is correct.
- 1.4.2 Local Authorities will be required to pay any additional income to the Treasury based on an estimated number (minus administrative costs), whilst HAs will retain this additional income.

#### **1.5 Planning Changes**

- 1.5.1 The Bill also contains several aspects relevant directly to planning. Some of these include allowing Government to intervene if Councils fail to have an adopted plan in place by 2017, with a clear expectancy that the Government will use these powers to step in if plans are not in place. The Bill also looks to streamline the neighbourhood plan system by introducing powers to allow automatic decisions on designation of neighbourhood plan areas, introducing time periods for making key decisions by the LPA. The government will require local authorities to prepare, maintain and publish local registers of specified land (Brownfield Register) as well as provisions to give the Secretary of State the power, by a development order, to grant permission in principle to land allocated for development.
- 1.5.2 There will be a new duty on Councils to grant planning permission for enough sites to meet the demand for custom build and self-build in a local authority area arising from the local self-build and custom build register. It will include a clause to enable the Secretary of State to make regulations about the circumstances in which authorities can apply for an exemption.
- 1.5.3 Developers wishing to include housing within major infrastructure projects will be able to apply for consent under the nationally significant infrastructure planning regime.

## **1.6 Tackling Rogue Landlords in the Private Rented Sector**

1.6.1 The Bill includes a package of measures to help tackle rogue landlords in the private rented sector. This includes

- Allowing local authorities to apply for a banning order to prevent a particular landlord/letting agent from continuing to operate where they have committed certain offences
- Creating a national database of rogue landlords/lettings agents which will be maintained by local authorities
- Allowing tenants or local authorities to apply for a rent repayment order where a landlord has committed certain offences
- Allowing a private landlord to regain possession of a property they believe to have been abandoned without a court order.

## **1.7 Welfare Reform and Work Bill Proposals**

1.7.1 The Welfare Reform and Work Bill was introduced on 9 July 2015. It is scheduled to become law before the start of the new financial year in 2016. In summary the Bill will:

- Reduce social rents by 1 per cent per year over the next 4 years
- Freeze the rate of selected social security benefits, housing benefit/local housing allowance, tax credits and child benefit rates for four years. For these benefits, the rates through to April 2019 are to remain the same as in 2015-16.
- Limit the total amount of Child Tax Credit (CTC) payable for families in respect of births on or after 6 April 2017, and remove the family element from the calculation of CTC awards for claimants who were not responsible for a child or qualifying young person before 6 April 2017.
- Restrict the number of children or qualifying young persons for whom the child element of universal credit is payable to and removes the higher rate payable for the first child in the household to create a single, flat rate.
- Reduce the benefit cap from £26,000 per year for families and £18,200 for single people to £23,000 for families and £15,410 for single people in London; from £26,000 per year for families and £18,200 for single people to £20,000 for families and £13,400 for single people outside London.

- Redefine Child Poverty
- Replace Support for Mortgage interest benefit payments to homeowners with a loan
- Change the entitlement of Housing Benefit for 18-21 year olds
- Other changes to housing benefit, and the other tax credit and universal credit changes announced in the Budget will be made via regulations. They include: reducing the income threshold in tax credits and universal credit work allowances; increasing the tax credits withdrawal rate (taper) from 41 per cent to 48 per cent so that tax credits reduce more sharply as income increases; removing the family element in tax credits and universal credit (and the family premium in housing benefit) for new claims from 2016 or 2017.