

AMEND HOUSING BILL TO HELP COUNCILS AND ALMOS BUILD MORE HOMES

The Government is rightly proud of its record that council house-building is at a 23 year high. In its current form, however, the Housing and Planning Bill threatens to reverse this achievement. Councils will be expected to sell high value homes to fund the payment of discounts to housing association tenants exercising the extended Right to Buy. Despite a clear commitment in the Conservative manifesto, the Bill does not require replacement of the council homes sold. We support the Government's drive to improve access to home ownership for first time buyers but urge you to support amendments that will ensure that every sale funds the construction of at least one new affordable home across the country and two in London.

Depletion of Council Housing Stock

Under Part 4, Chapter 2 of the Bill, councils will be forced to sell off their high value homes when they become vacant to fund the replacement of housing association homes that have been sold under the extension of Right to Buy. This means that local authorities will lose both valuable assets and capital receipts denying them the ability to re-invest in new homes in their area.

As the payment will be made on a formula basis which will not necessarily reflect the actual level of high value voids or sales, local authorities may also have to find other ways to make the payment to the Government including taking on extra borrowing.

Councils already have to find, from their own resources, the costs of the discounts given to their own tenants exercising the Right to Buy and in some cases pay any remaining capital receipt over to the Treasury rather than being able to use it to re-invest in housing locally.

The Government has recognised this in part by accommodating Zac Goldsmith MP's amendment to ensure that for every unit of council housing sold in London, at least two are built to replace it.

About the NFA and ARCH

- The National Federation of ALMOs (NFA) www.almos.org.uk is the trade body which represents all 39 housing Arms' Length Management Organisations (ALMOs) across England.
- ARCH – the Association of Retained Council Housing www.arch-housing.org.uk works on behalf of local authorities who own and manage their properties to get the best deal for councils and tenants.
- Together the NFA and ARCH represent over 1.3m council properties – around one third of social housing in England.

We believe that across the whole country agreements with government should provide for at least one for one replacement and that there should be no overall loss of social rented accommodation. To enable this, the NFA and ARCH propose two amendments:

Amend Clause 72 to provide that:

- **Where the agreement is with a local housing authority outside London, it must require the authority and Secretary of State to ensure that at least one new affordable home is provided for each sold dwelling.**
- **all agreements ensure no loss of social or affordable rented accommodation.**

‘Pay to Stay’

Part 4, chapter 3 enables the Government to require councils owning housing to charge a market rent to “high income” tenants, currently proposed to be those with a household income over £30,000 (£40,000 in London). These thresholds are much too low. On the Government’s plans for the National Living Wage, any family including two people working 35 hours a week would cross this threshold before 2020. Plans to impose this scheme on housing associations were originally included in the Bill but have now been dropped.

It is unfair that this policy should remain voluntary for Housing Associations but be made compulsory for councils with the increased bureaucracy and variations for tenants that this will entail. In addition any extra rent generated by this policy will have to be paid over to central government by councils whereas Housing Associations, should they choose to implement the policy, will be able to retain the additional income. **The NFA and ARCH therefore support an amendment:**

- **To delete Clause 78 making the voluntary pay to stay policy mandatory**

Or if it is to remain compulsory for councils, at the very least:

- **To delete Clause 84 requiring payment by local authorities of increased income generated by ‘Pay to Stay’ to the Secretary of State and allow councils to retain the additional income provided it is used to support investment in new homes.**

The Bill also gives providers of social housing the power to require income information from tenants and the power for HMRC to disclose income information to local housing authority and a private registered provider of social housing. The NFA is concerned that the wording of this legislation excludes the vast majority of ALMOs and TMOs, which are not Registered Providers unlike Housing Associations. **The NFA proposes the following amendment to address this:**

- **In clause 81(2) at the end, insert:
“(e) an ALMO, TMO or local housing company wholly owned by its local authority which is managing social housing”**

The ending of lifetime tenancies

Part 4, Chapter 6 means that councils will be prevented from offering new tenants a tenancy longer than 5 years except in very restricted circumstances. These clauses were only introduced by the Government just before Christmas. There has been no public consultation on this issue nor was it included in the Conservative Party manifesto. The NFA and ARCH believe the clauses are unnecessary: there is no need for mandatory national policy on this issue as councils already have the powers they need to introduce fixed term tenancies where they consider it appropriate to ensure their housing is used to help those most in need.

We therefore believe clause 113 should be withdrawn pending proper public consultation. At the very least tenancies should be exempted if they are for tenants transferring, releasing much needed accommodation, or moving into sheltered or supported housing.

A future for council housing

The Government introduced a new regime of HRA self-financing in 2012 in which councils kept rental income in full and invested it locally. **The result has seen a surge in council house building with 6,340 new local authority homes being built in England since April 2010.**

This renaissance in council house building is now likely to end as the measures in the Housing and Planning Bill combined with the 1% cut in social rents from 2016/17 to 2019/20, set out in the Welfare Reform and Work Bill will have a significant impact on councils’ ability to fulfil their plans for new build. In total, **councils will suffer an income loss of £2.4 billion by 2020.** The Office for Budget Responsibility has said that rent reductions will mean that over the forecast period around **14,000 fewer ‘affordable homes’ will be built.**

The NFA and ARCH therefore call on the Government to uphold the principle of self-financing and make changes to the Housing Bill which will enable ALMOs and councils to continue to build.

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