

<b>Housing Select Committee</b>			
<b>Title</b>	Key Housing issues		
<b>Key decision</b>	No	<b>Item no</b>	6
<b>Wards</b>	All		
<b>Contributors</b>	Head of Strategic Housing		
<b>Class</b>	Part 1	26 January 2016	

## **1 Summary**

- 1.1 Key Housing Issues is a general report that aims to update the Housing Select Committee on current and new issues important to housing.
- 1.2 The Conservative Government have brought forward a number of proposals for Housing Policy, namely the Housing and Planning Bill: published 13 October and Welfare Reform and Work Bill. An overview of the Bill was presented at Housing Select Committee on 27th October 2015 and this report provides additional detail about the possible implications of the Bill and on-going government consultation about the implementation of the policies included within it.

## **2 The joint Spending Review and Autumn Statement Announcement**

- 2.1 The joint Spending Review and Autumn Statement was announced on 25 November 2015 and provided information on a number of measures that will have an impact on housing.
- 2.2 In summary:
  - Housing benefit will be capped at the rate of Local Housing Allowance (LHA) for new tenants. Social rent is usually below LHA; however some affordable rents could be above the LHA level.
  - Funding for Temporary Accommodation will be paid to councils direct, and not through Housing Benefit.
  - Five Housing Associations have been chosen to be involved in a Right to Buy Pilot. L&Q is one of these.
  - 400,000 new homes will be built by the end of the decade –half of these will be starter homes, while 135,000 will be shared ownership with reduced eligibility requirements.

- Help to Buy Loans have been increased in London to the value of 40% of the price of the home if the buyer has a deposit of 5%.
- Higher Stamp Duty of 3% will be charged for people buying homes as buy-to-let/second homes.
- Government land to be sold to provide space for more than 160,000 homes.
- The ability for developers to appeal against unviable s106 agreements will be extended to 2018.

### **3 'Pay to Stay' consultation**

- 3.1 In November 2015 the Council submitted a response to the government consultation on the 'pay to stay' policy, which is included within the Housing and Planning Bill. The proposal is to expand the pay to stay scheme, making it compulsory for social landlords to charge social housing tenants whose household income is over £40,000 per annum (£30,000 out of London) 80% of market rents, and those whose household income is over £50,000 (£40,000 out of London) up to market rents. The proposal currently sets out that Housing Associations will be able to retain any additional rental income generated through the scheme, whereas Councils and their Arms Length Management Organisations will have to return this income to the treasury.
- 3.2 Lewisham's response to the consultation highlights concerns about the thresholds and suggests changes to the policy which would improve affordability for Lewisham residents and reduce the costs of implementation to the Council. The response echoes concerns which London Councils raised in their response.
- 3.3 In summary, the response states:
- The threshold of £40,000 is too low and no longer targets high earners. This threshold would affect households in Lewisham who earn only slightly more than the median household income of £35,900. Modelling suggests that approximately 500 households in 3-bed properties may be affected and could see significant increases in their rent.
  - The threshold is also out of line with other established thresholds from the Greater London Authority for eligibility for shared ownership properties and Intermediate Market Rent products of £71,000 for one and two-beds and £85,000 for families with dependents.
  - The administrative burden of implementing the policy should be funded by government and should not be underestimated.
  - The Council should be able to retain any additional rental income generated. This would go some way to help provide an additional resource for borough Housing Revenue Accounts which will be significantly affected

by the forced high value council sales policy and 1% rent reduction policies also proposed in the Housing Bill.

- Lewisham Council's current policy is that affordable rented properties which are let at 80% of market rent are not affordable in Lewisham. Our policy is based on affordability and not market rents. Households should not have to spend more than a third of their net income on rent, and rents should not be higher than Local Housing Allowance for the property type.

#### **4 High Value Voids**

4.1 The Housing and Planning Bill includes a policy from the Conservative manifesto, which aims to oblige councils to make a contribution to the Treasury for the disposal of High Value Assets. The Bill does not include detail as to the thresholds for properties to be considered as high value, nor does it set out the number of homes which councils will be expected to sell.

4.2 In January 2016, Lewisham submitted an Asset List containing details of all 14,720 properties contained in the Housing Revenue Account to the Department for Communities and Local Government.

4.3 The information about each property which was requested included its value and how whether it has been re-let in the past three years.

4.4 This information will be used to inform the regulations which are being developed for the implementation of the policy. It is expected that the Council will be required to make an annual payment based on a formula which will be derived from the number of houses the Council own and their value, as well as how many of those properties usually become vacant each year.

4.5 Our submission showed that:

- If average prices across London are used to determine "expensive" then Lewisham could be expected to sell 27 voids per year which is consistent with the modelling done when the model was first announced.
- If average Lewisham property prices were used to determine which properties were considered expensive, instead of average London property prices then Lewisham will expected to sell significantly more voids per year.
- Excluding properties such as those decanted for regeneration schemes, 498 properties recorded as void in 2012/13, 438 properties recorded as void in 2013/14 and 527 properties recorded as void in 2014/15

#### **5 Rogue Landlords – bid submitted**

5.1 Lewisham has submitted a bid to the Department for Communities and Local Government to expand upon the very successful Rogue Landlord Taskforce.

- 5.2 As a result of work already undertaken officers have developed a detailed database of 15 of the worst active rogue landlords and agents known to the Council, who between them control in excess of 200 properties in the borough impacting on over 400 households and 500 individuals. The funding will allow the Council to continue to enforce standards and build up evidence to take action against the worst rogue landlords.

## **6 DCLG Money to ease Temporary Accommodation pressure**

- 6.1 Officers have submitted a bid to the Department for Communities and Local Government for additional funds to help ease the pressure on Temporary Accommodation.
- 6.2 The Council proposes to use the funding to increase homelessness prevention work and con

## **7 London Land Commission**

- 7.1 The London Land Commission was established by the Greater London Authority as part of the Long Term Economic Plan for London, which was jointly announced by the Mayor and Chancellor in February 2015. It is joint chaired by the Mayor of London and the Minister for Housing, and comprises five other members including the Mayor of Lewisham. The first meeting for the commission was held on Monday 13 July.
- 7.2 Its initial work has been around establishing a database of public land in London in order to assist long-term development strategies and identify any sites which could be brought forward quickly for development. Lewisham submitted a register of its assets in order to assist with this. The Commission intends to identify around ten sites to progress in its next phase of work. Officers will continue to work with the GLA to assist the Commission to achieve its objectives.

## **8 Legal Implications**

- 8.1 There are no specific legal implications arising from this report.

## **9 Financial implications**

- 9.1 There are no specific legal implications arising from this report.

## **10 Crime and disorder implications**

- 10.1 There are no crime and disorder implications arising from this report.

## **11 Equalities implications**

- 11.1 There are no equalities implications arising from this report.

## **12 Environmental implications**

12.1 There are no environmental implications arising from this report.

## **13 Background Documents and Report Originator**

13.1 There are no background documents to this report.

13.2 If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.