



What you need to know about the progress of the Housing and Planning Bill 2015

April 2016 update

Last year the government published the Housing and Planning Bill 2015, setting out plans to increase homeownership and boost levels of house building. The Bill is still progressing through parliament and this briefing for CIH members summarises what's happened so far, including details of a number of amendments which have been made to it in the House of Lords.

Progress of the Bill through parliament

The Bill has just completed report stage and had its third reading in the House of Lords. A number of amendments were made to it at this stage and these will now go back to the House of Commons to be discussed by MPs. It is not yet clear which amendments will ultimately be accepted by MPs, although those put forward by the government are unlikely to be rejected.

The Bill may still go back and forth between the two houses until agreement is reached on certain issues, however this briefing aims to provide a summary of the situation as it stands on 28 April 2016.

Extension of the right to buy

Following a deal struck between the government and the National Housing Federation, whereby housing associations will extend the right to buy to their tenants on a voluntary basis, the Bill will enable the government to:

- make payments to associations to compensate them for the cost of the discounts on offer
- publish 'the home ownership criteria' (a set of rules for the extension right to buy) and direct the Homes and Communities Agency to monitor associations' compliance with the criteria.

The Lords have not made any significant amendments to this part of the Bill.

Sale of high value vacant local authority homes

The government will require local authorities who have retained ownership of their stock to sell high value homes as they become vacant. It intends to use some of the receipts from these sales to fund the extension of the right to buy to housing association tenants, while allowing some to be used to build replacement affordable housing. To enable this, the Bill will allow the government to:

- set out a definition of 'high value' homes and create a duty on local authorities to consider selling homes that meet this definition when they become vacant
- estimate the amount of money they would expect each authority to receive in each financial year from sales of high value homes. Authorities will then be required to pay this amount to the Treasury
- enable individual councils to enter into an agreement with the secretary of state, allowing them to retain some receipts to build replacement affordable housing in their area. They will be expected to build at least one new affordable home for each home sold, or at least two in London.

This section of the Bill was the subject of considerable debate in the Lords where a number of amendments were passed, including:

- a government amendment which changes all references to 'high value' to 'higher value', to address concerns that otherwise this could have led to all council homes being sold in some areas



- an amendment requiring the government to allow councils to keep sufficient receipts to build replacement homes for social rent (as opposed to other forms of affordable housing), where they can show that there is a local need for it
- an amendment requiring the regulations setting out the calculation that will be used to determine how much local authorities have to raise through sales to be discussed and voted on by both houses, once they have been prepared.

High income local authority social tenants: mandatory rents (pay to stay)

As originally drafted, the Bill required:

- local authority tenants with a higher income (defined as more than £30,000 per year, or more than £40,000 in London) to pay a higher rent
- local authority tenants to declare their income to their landlord, as well as allowing social landlords to share data with HMRC to verify that the information they have been given is correct
- local authorities to return any additional rental income generated by the policy (minus administrative costs) to the Treasury.

This would be voluntary for housing associations and, if they did adopt it, they would be allowed to keep the additional revenue raised.

This policy was also the subject of significant debate and the Lords have passed a number of amendments, including:

- giving individual local authorities discretion over whether or not to introduce the policy
- increasing the thresholds above which the policy would apply to £40,000, and £50,000 in London, and increasing these further every three years in line with inflation (CPI)
- setting the amount of additional rent which tenants will pay at 10p for every £1 extra they earn over these thresholds (government had suggested that this would be 20p for every £1 extra).

Starter homes

Starter homes will be new build homes, made exclusively available for purchase to first time buyers under the age of 40. They will be 20 per cent cheaper than a property on the open market and to encourage their development the Bill will:

- create a new duty on all local authority planning departments to promote the supply of starter homes in their area
- allow the government to set regulations requiring starter homes to be included on residential sites as a condition of securing planning permission.

A number of amendments have been made to this policy by the Lords, including:

- a government amendment which requires purchasers to be at least 23 years old
- an amendment which allows local authorities (rather than central government) to decide what proportion of new homes built in their area should be starter homes, based on their own assessment of local housing need and viability
- an amendment which prevents purchasers from selling a starter home on at full value for 20 years (increased from five years). Under the amendment purchasers who sell their property before this would have to repay a proportion of the discount, based on a sliding scale (i.e. those selling sooner will repay a larger proportion of the discount).

Mandatory use of fixed term tenancies

The Bill, as originally drafted, stated that in future:

- most new local authority tenancies will be for fixed terms of between two and five years. The secretary of state will have the power to allow councils to grant a secure tenancy in some other circumstances, to be set out at a later date
- at the end of a fixed term landlords will have to do a review to decide whether to offer a new tenancy, either on the same or a different property



- in future, successions to secure tenancies, other than when a spouse or civil partner is succeeding, will result in the granting of a new five year tenancy.

Housing associations will still have discretion to use either assured or fixed term assured shorthold tenancies.

Following discussions with peers, the government have now amended the Bill to allow councils to issue tenancies of between two and 10 years and to allow them to give families with children aged under nine a tenancy that runs until the child reaches 19.

Other amendments introduced by the Lords

- The Bill includes a number of measures intended to make housing associations more independent from government. These include, for example, allowing them to merge, restructure and wind up more easily. A further amendment now also seeks to reduce the influence of local authorities over stock transfer housing associations
- The Lords passed an amendment to ensure that all sites provide an affordable housing contribution, including those in rural areas and/or small sites (of 10 homes or less)
- The Lords also passed an amendment requiring new homes to meet a carbon compliance standard. This requirement was previously removed by the Chancellor last year in order to encourage more house building
- The Bill will introduce new measures to make it easier for private landlords to obtain possession of properties they believe have been abandoned. An amendment has been passed to ensure that letters relating to suspected abandonment are also sent to any third party (such as a charity or local authority) who may have provided the tenant's deposit.

Further information

This briefing will be further updated to keep members up to date as the Housing and Planning Bill continues its passage through parliament.

We have also previously commented on many of the specific policies included in the Bill. For more information see:

- Right to buy/high value sales - [CIH analysis](#) showing that this could lead to a loss of almost 7,000 social homes per year
- Pay to stay - [our response to the government's consultation](#)
- Starter homes – [opinion piece](#) in Inside Housing magazine
- Fixed term tenancies - [blog](#) on the government's original proposals.