



City of Westminster

Appendix 2

**Written Evidence: Housing and Planning Bill Committee
Cllr Philippa Roe, Leader of Westminster City Council**

16th November 2015

Dear Chairman,

I would like to thank you, and your fellow Committee Members, for inviting me to provide oral evidence to the Committee last week.

You suggested that it would be useful to submit evidence in writing on any matters that arose during our evidence session, as well as anything that was not directly covered.

I have therefore enclosed with this letter a formal written submission on behalf of Westminster City Council, which addresses a number of areas covered within the Bill.

As I hope was clear from my oral evidence to the Committee, Westminster supports the principles contained within the Bill. We are keen to work closely with Government, both throughout the passage of the Bill and in the drafting of subsequent regulations, to ensure that the detail properly addresses the unique challenge and context that London – and Central London in particular – faces.

Yours sincerely,
Philippa

Cllr Philippa Roe
Leader of Westminster City Council
leader@westminster.gov.uk

Enc. Westminster City Council Written Evidence Submission to the Housing and Planning Bill Committee

Written Evidence: Housing and Planning Bill Committee
Cllr Philippa Roe, Leader of Westminster City Council

1. Starter Homes

1.1 Westminster welcomes Starter Homes as part of a mix of affordable housing to help address the housing needs and aspirations of a wide range of people. The requirement for a proportion of Starter Homes on certain sites may, though, lead to a reduction in “conventional” affordable supply which we will still require to meet the needs of residents, particularly those in work, but on modest incomes, who are so important to the continued success of Westminster’s economy. If the requirement for delivery of Starter Homes through the planning system is set at an inappropriate level, there is the risk that delivery of other forms of affordable housing will be squeezed out. This risk is compounded as the Starter Home discount is funded by the developer not having to pay s106 contributions that would otherwise be used to fund affordable housing.

1.2 It is, therefore, important that regulations on implementing Starter Homes allow boroughs sufficient flexibility to ensure delivery of a range of affordable homes, depending on the circumstances in each area (including the local costs of housebuilding) and their assessment of the type of housing that is needed locally. In Westminster, demand for affordable housing is very high – we currently have 4,500 on our waiting list for social housing and 3,800 on our waiting list for intermediate housing. This is a matter of considerable concern locally, and we consider that to promote transparency Government should publish details of the numbers of Starter Homes they expect to be delivered in each borough and how this relates to the proportion that will be set by regulations under what is currently clause 4 of the Bill. This must take account of the degree of flexibility councils need to deliver a range of homes to meet their housing needs, as set out above.

1.3 It is also important to bear in mind that in central London, where property prices are extremely high, capping the market value of Starter Homes at £450k cap will mean that successful buyers will receive a windfall on a scale far higher than they would in less expensive areas when they go on to sell their homes after five years. This is likely to be perceived as being unfair by those buying Starter Homes elsewhere. There may be a case for a cap on the amount that can be realised on sale at a level that enables those selling to move on to the next stage of their housing journey and the “excess” being ploughed back into providing new affordable housing.

In central London, intermediate housing for sale and for rent has a particularly important part to play in supporting people in work and on lower incomes. This is a pressing issue; our local businesses tell us that the main issue that they face in attracting workers is a lack of affordable housing, and the provision of intermediate housing is therefore a priority area

that Westminster is seeking to address. Intermediate housing will be classified as that “up to” 80% of market value. In Westminster, there are no intermediate properties being charged at 80% of market value, but the key point is that the definition is “up to” 80% as this will allow boroughs flexibility to deliver a range of tenancies that meet their needs.

1.4 In Westminster, 25% of accommodation is currently social housing, with just 1% classed as ‘intermediate’ and we have been keen to extend this, including through an innovative ownership product that we are developing intended to help people on lower incomes into ownership by enabling them to build an equity stake through the rent that they pay. Intermediate products of this kind provide essential flexibility to meet the needs of people who may find even a Starter Home unaffordable. It is important that the introduction of Starter Homes does not impact on councils’ ability to deliver intermediate housing (both for rent and shared ownership) through the planning system in future.

1.5 Westminster is keen to ensure that the requirement to secure Starter Homes through the planning system is set at a level that will allow local authorities to keep the flexibility to respond to a variety of needs.

2. Implementing the Right to Buy and the sale of high value local authority voids

2.1 The City Council supports the Government’s emphasis on promoting and extending home ownership, and the principle of the Right to Buy. Westminster must continue to address growing local housing needs cost-effectively as the supply of housing becomes more challenging. Westminster agrees with the Mayor, and with the principle of Zac Goldsmith’s amendment to the Bill that, as far as possible, the proceeds of disposals in Greater London should be retained to maximise housebuilding to help meet the high (and growing) housing needs here.

2.2 The agreement between government and housing associations means that they will implement the right to buy extension on a voluntary basis. They will not be required to replace homes which are sold in the same area or with the same tenure. This could lead to a reduction in social supply for homeless households in Westminster and London, particularly in central areas where rebuilding is more expensive. This is likely to contribute to those households increasingly being accommodated in expensive temporary accommodation and staying there longer while they await permanent rehousing.

2.3 The right to buy extension is funded through an annual cash payment from local authorities to government, which is based on the sale of high value local authority voids. This could similarly reduce social housing supply in Westminster, as it will be difficult to replace these homes in high value areas where there is a shortage of land. It should also be noted that in a borough such as Westminster, the rate at which high value properties

become void is relatively low so there is a low churn rate due to the value of a sub-market rent property in central London and the fact that some older tenancies could be held for life and even passed on. It is vital that this kind of factor is reflected when ministers come to make determinations of the amounts authorities will have to pay to help support the right to buy.

2.4 It is important that local authorities should have the flexibility to work together (and with housing associations) on a voluntary basis to bring together those places with resources but scarce land and those with more plentiful land and scarce resources to provide larger numbers of homes for the money available – and with the funding boroughs having proportionate nomination rights. Such agreements would allow for the building, not only of a full range of housing alternatives, but of the necessary infrastructure to support communities, for example through transport links, schools and healthcare. This in turn would assist in bringing about proper local economic regeneration, bringing additional growth and jobs that will benefit both the boroughs involved, and London as a whole.

2.5 In Westminster, we take on a duty to house a significant number of individuals with limited links to the borough. Such agreements might allow us to focus our housing stock on those with genuine links to the borough and genuine need to stay in Westminster.

2.6 It is important to ensure that links are maintained between the places where housing associations sell social homes and those where the homes are re-provided. This will be essential for places like Westminster with high need, but where replacement homes will be expensive. These links should either take the form of physical re-provision in the borough where the sale took place or local authority nomination rights to the replacement home equivalent.

3. High Income Social Tenants: Mandatory Rent

3.1 We support a pay to stay approach and have introduced a policy of this kind for new fixed term tenants in Westminster (this does not apply to existing tenants). It is important to ensure that any scheme is structured to be as simple and cheap to administer as possible.

3.2 We are also concerned that it might have unanticipated consequences for other housing priorities, such as extension of intermediate housing which is the main way in which those in work but on lower to average wages vital to our local economy and public services can be helped. There is a real possibility that the role of this form of affordable housing - to help these lower income workers get on the housing ladder – could be undermined in places like central London.

3.3 If we are to help lower paid workers, the threshold above which increased rents have to be paid in London may need to be set by reference to the household eligibility income threshold for intermediate housing set by the Mayor in his London Plan in London (the Mayor has set an upper household income limit for eligibility for intermediate housing of £71,000 for one and two bedroom properties) and the rent increases in high value areas like Westminster should be framed so that no more than 40% of net household income is spent on rent. If the £40,000 threshold is retained, Westminster supports a tapered approach that increases rents as incomes grow to prevent excessive rent increases in high value areas, which would result in tenants becoming eligible for housing benefit. It is important to ensure that it is always more beneficial for individuals to be in work. Against this background, the City Council considers that:

- The policy should not apply to intermediate rent housing products which are intended to help households on lower incomes get on the housing ladder in high value areas like Westminster.
- The threshold above which increased rents have to be paid should be set for London by reference to the household eligibility income threshold for intermediate housing set by the Mayor through his London Plan. It is essential that the policy is introduced in ways that do not provide a disincentive to work.
- Like housing associations, local authorities should be able to keep at least a proportion of the increased rent income to reinvest in affordable housing to meet the range of housing needs experienced in Westminster.
- Any payments to central government should be based on actual income generated, rather than an assumed figure like the one that will be used to help fund extension of the Right to Buy. Local authorities must also be able to cover all the administrative costs involved in managing these payments.
- High market rent levels in high value areas should be taken into account as one of the factors in setting the levels of rent that must be charges to high income tenants.

4. Self- Build

4.1 We generally welcome the promotion of self and custom building as a way to boost housing delivery and diversify housing types. However, we have concerns about a duty placed upon local authorities to meet that demand within their local area. In Westminster, serviced sites for housing are scarce and extremely expensive. There is high demand for land for competing land uses (shown, for example, in the approach we are now taking to changes of use from offices). The Bill states that under certain circumstances a local authority may be exempted from the duty to grant planning permission for self/custom-build housing, and given the circumstances here the Council is keen to:

- Understand the circumstances in which local authorities are likely to be granted an exemption from the duty to grant permission for self/custom build plots and what an exemption might mean for Westminster under these circumstances – for example the Central Activities Zone (the part of central London that forms the capital’s economic and administrative core) might be considered an unsuitable location for self-built housing given the cost and pressures on land there and the need to maintain its strategic business focus.
- Ensure that demand can be met beyond the borough boundary where it is not possible (or not possible at an economic cost) to do so within its area.
- Ensure that the upfront servicing costs involved in making suitable sites available are covered in full.
- Ensure that any self-builders have a demonstrable local connection to the area.

5. Rogue Landlords

5.1 Westminster welcomes new powers for local authorities to tackle the worst landlords and letting agents and these are useful tools to help us continue to promote high standards across the private rented sector. We would wish to see a higher fine in connection with banning orders, which should be registerable as a charge against the property – something that is particularly important in areas like ours with large numbers of overseas-based landlords. Local authorities will also need to the appropriate resources to enforce the new measures.

6. Homelessness Guidance

6.1 The draft Bill does not include any changes to homelessness provisions. Westminster believes that current homelessness legislation and guidance needs to be reviewed in light of the policy changes in the Bill and the Government's wider welfare reform objectives. The basic legal framework for dealing with homelessness dates back to 1977 and there has not been a thorough review of the statutory code of practice since 2006. The time has therefore come for a thorough review of the law and statutory guidance governing homelessness to enable authorities to manage costs, encourage self-reliance through helping people into employment and preventing homelessness arising in the first place.

6.2 The kind of flexibilities suggested above, would result in more affordable housing development in outer London where more land is available and at a cheaper price - with local authorities having appropriate nomination rights to some of the new homes. We would like the duty on local authorities to discharge their housing functions "in their district" as far as is "reasonably practicable" to be reviewed so that it aligns with this new approach.

7. Register of Land

7.1 The Council would be grateful for detail about what sort of land will have to be included on this Register and the specific definitions of what brownfield land is. Our experience is that it is extremely rare to have un/under-used or unviable sites in Westminster – the cost of land here is such that it is rarely left undeveloped. We are concerned that if these terms are not clearly defined there is the risk of unsuitable sites being placed on the Register for little benefit in terms of additional development.

7.2 For the same reasons, Westminster is also concerned about the implications for council resources if a Development Order has to be created or planning in principle granted for sites on the Register, particularly if sites which already have planning permission, or sites where discussions with developers are underway have to be placed on this register.

7.3 At this stage the City Council is keen to:

- Ensure that these provisions do not involve costs disproportionate to any benefits secured in high value areas like Westminster.
- Ensure that the regulations establishing the detail of the system are clear about the sort of land that will be included on the register; in defining 'under used' or 'unviable' land; and in setting out the circumstances in which local authorities can exempt land from inclusion on the brownfield register.
- We would welcome introduction of a "duty to cooperate" requiring public bodies to support local planning authorities in preparing registers.

8. Planning Policy

8.1 The current thrust of national planning policy set out in the National Planning Policy Framework is that planning authorities should seek to identify local housing needs and then seek to meet that need within their area through their local plans. There is a risk of plans being found "unsound" by the Planning Inspectorate if this cannot be demonstrated.

8.2 We strongly agree with the Government about the value of an up-to-date local plan. It will be important to ensure that national policy is revised to address the likely need to plan for housing across boundaries. It will also be important to reassure authorities that short-term uncertainty arising from the Bill will not raise 'soundness' issues in plan preparation.

9. Local leadership

9.1 As I said in my evidence, it is essential that London boroughs take the leading role in housing and regeneration. They have both the knowledge of local circumstances and the local accountability that will be essential if we are to create the kinds of new places that are going to be essential to meet the housing challenge faced by London. A top-down approach is unlikely to be effective or understood. It is also important that the building of new affordable homes is not seen in isolation; they will have to be managed, maintained and allocated and it is unlikely this could be done on a pan-London basis.

9.2 We strongly favour devolution of powers and resources to London so we can meet the pressing housing issues facing the capital. All levels of government have their part to play, and should be given the space to play to their strengths. Any changes to responsibilities should only be made where they would demonstrably add value and would not simply serve as a distraction from the central imperative to deliver.