

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

HOUSING AND PLANNING BILL

Eleventh Sitting

Tuesday 1 December 2015

(Afternoon)

[Part 1]

CONTENTS

CLAUSE 56 agreed to.

CLAUSES 57 TO 61 agreed to, one with amendments.

CLAUSE 62 under consideration.

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS
LONDON – THE STATIONERY OFFICE LIMITED

£6.00

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not later than

Saturday 5 December 2015

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IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chairs: MR JAMES GRAY†, SIR ALAN MEALE

- | | |
|---|---|
| † Bacon, Mr Richard (<i>South Norfolk</i>) (Con) | † Lewis, Brandon (<i>Minister for Housing and Planning</i>) |
| † Blackman-Woods, Dr Roberta (<i>City of Durham</i>) (Lab) | † Morris, Grahame M. (<i>Easington</i>) (Lab) |
| † Caulfield, Maria (<i>Lewes</i>) (Con) | † Pearce, Teresa (<i>Erith and Thamesmead</i>) (Lab) |
| † Dowd, Peter (<i>Bootle</i>) (Lab) | † Pennycook, Matthew (<i>Greenwich and Woolwich</i>) (Lab) |
| † Griffiths, Andrew (<i>Burton</i>) (Con) | † Philp, Chris (<i>Croydon South</i>) (Con) |
| † Hammond, Stephen (<i>Wimbledon</i>) (Con) | † Smith, Julian (<i>Skipton and Ripon</i>) (Con) |
| † Hayes, Helen (<i>Dulwich and West Norwood</i>) (Lab) | † Thomas, Mr Gareth (<i>Harrow West</i>) (Lab/Co-op) |
| † Hollinrake, Kevin (<i>Thirsk and Malton</i>) (Con) | Glen McKee, Katy Stout, Helen Wood, <i>Committee Clerks</i> |
| † Jackson, Mr Stewart (<i>Peterborough</i>) (Con) | |
| † Jones, Mr Marcus (<i>Parliamentary Under-Secretary of State for Communities and Local Government</i>) | |
| † Kennedy, Seema (<i>South Ribble</i>) (Con) | † attended the Committee |

Public Bill Committee

Tuesday 1 December 2015

(Afternoon)

[Part I]

[MR JAMES GRAY *in the Chair*]

Housing and Planning Bill

2 pm

The Chair: Welcome back to the afternoon sitting. I will exempt you from the need to welcome me back to the Chair until you discover how difficult I am going to be with the Committee. I am glad to be back, none the less.

Let me make a couple of time points before we commence our discussions. There may be Divisions in the Chamber at 3.30 pm and again at 6 pm, in which case we will follow the normal practice of giving 15 minutes for one vote or 25 minutes, I think, for two. I understand that there is also a briefing on Syria for the Labour party at 5 pm, and for the Conservative party at 6 pm, and I would have thought that the Committee would like to be ready, if we possibly can, to accommodate both of those. That would seem to be a sensible approach. I know that the House is sitting until 10 pm tonight, so I suppose that there is no limit to how late we can reasonably sit, if we wish.

Clause 56

GRANTS BY SECRETARY OF STATE

Amendment proposed (this day): 148, in clause 56, page 24, line 10, at end insert—

“(2A) The conditions at subsection (2) must include a condition that money equivalent to the market value (disregarding any discount) of a dwelling sold under right to buy and to which the grant applies is spent by the private registered provider on the provision of affordable housing in the same county, including at least one new home replacing that sold which is—

- (a) of the same tenure,
- (b) located in the same local authority area, and
- (c) in accordance with assessed local housing need.”—

(*Dr Blackman-Woods.*)

This amendment would require housing associations offering the Right to Buy to their tenants to re-invest all the money received as a result of the sale in replacement local affordable housing, including a guaranteed like-for-like home in the same area.

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing amendment 151, in clause 57, page 24, line 18, at end insert—

“(3) The conditions at subsection (2) must include a condition that money equivalent to the market value (disregarding any discount) of a dwelling sold under Right to Buy and to which the grant applies is spent by the private registered provider on the provision of affordable housing in London, including at least one new home replacing that sold which is—

- (a) of the same tenure,
- (b) located in the same London borough, and
- (c) in accordance with assessed local housing need.”

This amendment would require housing associations offering the Right to Buy to their tenants in London to re-invest all the money received as a result of the sale in replacement affordable housing in London, including a guaranteed like-for-like home in the same borough.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Mr Gray, it is good to have you in the Chair, so one should welcome you to it.

Before the break, I was about to voice concern that the Government were giving up on the provision of housing for people on low and middle incomes. That concern is based on evidence from Savills, which estimates that an extra 350,000 English households will be unable to access either subsidised or, indeed, market rent housing in the next five years, including many London families with an annual income of up to £60,000. Indeed, Centre for London research estimates that within the next two years people with occupations such as senior nurse and senior teacher will start to struggle to find anywhere affordable to live in London.

In my own constituency of Harrow, my local council tells me the minimum starting salary for a registered nurse is £21,692 and £25,879 for a newly qualified teacher. The reduced availability of affordable rented accommodation provided by housing associations and by councils will reduce such people’s chances of accessing housing via a waiting list or a homelessness route. According to Foxtons, the average market rent in Harrow is £235 a week for a studio, £295 for a one-bedroom flat and £372 for a two-bedroom home, so for a registered nurse starting their career, a studio at market rent in Harrow would cost approximately 56% of their gross—not net—salary, and a two-bedroom home would cost 89% of that salary, which would clearly be completely unaffordable. Reducing the supply of housing association accommodation risks further driving out of London many people who are crucial to our public services and other services on which our constituents rely.

That brings us back to the point about the implications for the national health service, the police and the fire service, as many more families say that they have to move out of London to afford to live. That is the motivation behind my support for amendment 151, tabled by my right hon. Friend the Member for Tooting (Sadiq Khan). Important as it is to help people to buy their own home, it is equally important and incumbent on the Government and the House not to give up on the provision of housing for those on low or middle incomes, and I fear that the Minister has.

I also worry about the impact on the taxpayer of the lack of a requirement to provide a like-for-like property in the same area. If there is a failure by housing associations to provide a like-for-like property in the same borough or the same region, there is a risk. Let us take the example of Westminster. Imagine that housing association properties in Westminster are sold off and there is no like-for-like provision by the housing associations. Westminster will still have its duties under homelessness legislation: it will have to provide temporary accommodation; indeed, on occasion, it will have to provide bed and breakfast accommodation. The risk is that lack of supply or reduced supply of temporary accommodation will drive up the cost for local council tax payers and put pressure on housing benefit and universal credit budgets. The TaxPayers Alliance, had it had the chance to comment, might have supported our amendment, in the clear interest of keeping homelessness costs and temporary accommodation costs low.

The amendment is also in the specific interest of outer London. Almost all housing experts predict that the incentives in the Bill for housing associations to

provide like-for-like properties in central London will present great difficulty. They suggest that councils, in order to meet their temporary accommodation requirements and their duties under homelessness legislation, will push ever more people out to outer London and beyond, instead of seeking to provide accommodation in inner London, where people have well established networks and family relationships—a point alluded to by my hon. Friend the Member for Dulwich and West Norwood.

My last point is the concern about London losing out. There is a clear sense that the reason that Ministers have to date been hostile to the idea of a clear requirement for housing associations to provide like-for-like replacement in London and in each London borough is that they want to use the resources generated in London to fund the provision of further accommodation outside London. For that reason, too, amendment 151 makes sense.

I pray in aid London Councils, which makes clear in its representations to the Committee its members' belief that the voluntary deal poses a genuine risk to the supply of affordable homes in London. They believe that boroughs' housing waiting lists will rise and that there will be increased reliance on temporary accommodation. They point out that London already has three quarters of the country's temporary accommodation, with more than 49,000 households in temporary accommodation, and they worry about the rising costs.

Dr Roberta Blackman-Woods (City of Durham) (Lab): My hon. Friend makes a powerful case about housing need in London and our shared desire to address the matter. The amendment tabled by our right hon. Friend the Member for Tooting is important because we know that the proportion of London households living in social rented housing has fallen since 2001, yet London's population has grown by 14% since 2002. That that has brought about a huge shortage of social housing for rent in London, which is why replacement within the tenure is so important.

Mr Thomas: My hon. Friend makes an important point. Indeed, the Government have exacerbated the problem by insisting, under their right-to-buy arrangements since 2012, that when a property is sold, it does not have to be a social rented property, on offer at approximately 50% of market rent; it can be a property that has an affordable rent, at approximately 80% of market rent. That makes it even difficult for those on low incomes who are trying to do the right thing by being in work, but who are unable to afford a property at 80% of market rent, of getting a property quickly.

It is worth considering another point my hon. Friend the Member for City of Durham made in her intervention: London's population is continuing to rise. Specialists estimate that London's population is growing at a rate of 100,000 people a year. Clearly that does not mean that 100,000 new homes are needed, but a significant increase in housing stock is needed, which gives us all the more reason to worry about the absence of a like-for-like requirement on housing associations in London. Without making amendment 151 for London and amendment 148 for other parts of the country, we risk increasing the cost to the taxpayer, exacerbating the affordability crisis in London, and making it even more difficult for those on low and middle incomes to find somewhere to live. Indeed, we risk London losing out at the expense of the rest of the country.

The Minister for Housing and Planning (Brandon Lewis): Welcome back to the Committee, Mr Gray. I look forward to serving under your chairmanship for the rest of this week and potentially the rest of our consideration of the Bill. Following the conversation before lunch,

Amendment 148 and amendment 151, which is for London, would require housing associations to adhere to strict rules when replacing property sold under the voluntary right to buy and, indeed, building those extra homes we all want, including rules on how much can be spent and the type, tenure and location of the properties. That strikes me as the worst kind of command and control, "Westminster knows best" approach.

I find it interesting that one of the authors of the amendment is someone who has described the Bill as the end of localism, yet here we have the most anti-localist amendment I have seen for some considerable time. It goes much further than the right to buy ever has in dictating what delivery bodies can do. The hon. Member for Harrow West may be happy to extend freedoms and flexibility to his friends on councils, but housing associations have proved themselves to be consistently far more adept at responding to the challenge of delivering new housing supply, and were largely responsible for exceeding the target of 160,000 new affordable homes under the previous Government.

Our approach is very different from the Opposition's. We have ensured through the deal with the sector that decisions are made at the most appropriate level by professional organisations that we trust. Nationally, we have ensured that for every home sold under the deal, one extra new home will be built, thereby doubling housing supply. What type of home and where it should be are decisions that will and should be taken by housing associations in the light of local conditions and need, which are covered in local plans. That is what true localism means, and I hope the hon. Member for City of Durham will withdraw the amendment.

Dr Blackman-Woods: May I, too, say what a pleasure it is to serve under your chairmanship, Mr Gray?

The Chair: Oh, don't speak too soon. [*Laughter.*]

Dr Blackman-Woods: I am an absolute optimist. Mr Gray.

Once again, I am disappointed by the Minister's response. I am not sure how it is that Westminster can know best when forcing unwilling housing associations to subject their stock to the right to buy, but it is not okay for us to want to ensure—

Brandon Lewis: I emphasise, as I did this morning, that it is a voluntary agreement that the housing associations put to the Government. It is localism.

Dr Blackman-Woods: My understanding from what the Minister said this morning was that, whether or not housing associations had voted for the voluntary deal, they would all be subject to putting their stock up for right to buy. My question to the Minister is why it is not okay for us to want to ensure that enough affordable and, in particular, socially rented homes exist for the most vulnerable in our communities following the exercise of right to buy. I am sorry that he did not engage with the Opposition's genuine concern that without like-for-like, one-for-one replacement of the same tenure, we will

[Dr Blackman-Woods]

lose greatly needed social rented stock. That is what commentators and housing associations are telling us. On that basis, I will divide the Committee on the amendment.

2.15 pm

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 8.

Division No. 6]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Hayes, Helen	Thomas, Mr Gareth
Morris, Grahame M.	

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Kennedy, Seema
Griffiths, Andrew	Lewis, Brandon
Jackson, Mr Stewart	Smith, Julian

Question accordingly negated.

Dr Blackman-Woods: I beg to move amendment 149, in clause 56, page 24, line 13, at end insert—

‘(4) Grants must not be payable on properties bought and turned into buy to let dwellings within ten years.’

This amendment would prevent property sold under Right to Buy from being converted into buy to let dwellings for a period of ten years.

We have just dealt with a whole set of concerns expressed by housing associations and others on replacement. Housing associations and commentators have also raised other issues, and the amendment seeks to address some of the concerns about houses subject to the right to buy soon being turned into private rented properties.

It will be interesting to see what level of discretion housing associations might operate in the area, but it is worth hearing from the Minister again on whether he intends to put anything in guidance or regulation to suggest a period of time after a house has been sold under the right to buy before it can be bought up to be let out as part of the private rented stock.

The issue was considered to a degree by the Select Committee on Communities and Local Government, which is undertaking an inquiry into the right to buy. I have brought with me a copy of its review of evidence report so that I might convince Government Members that there is such a report and that it was commissioned by the Select Committee. Many of the issues that we have sought to address in amendments are covered in the evidence base. Given that, it is important that we test the Minister on what he intends to do about the grave questions people have asked about the right to buy and how it might operate in practice.

The Communities and Local Government Committee review of evidence report commented:

“A considerable proportion of RTB stock has now been ‘recycled’ into the private rented sector, especially in recent years. The pace of growth of private renting in the RTB resale sector may affect the demographics, dynamics and stability of some neighbourhoods.”

It also noted that

“resale of RTB property into private renting results in higher Housing Benefit expenditure”,

and that it was calculated

“that the higher cost of accommodation in the private rented sector”

has a direct impact on costs to local authorities, leading to

“an additional cost of £3.2 million per annum compared to the equivalent in social renting”

had the stock remained in the social rented sector. It is not an insignificant issue. Research by *Inside Housing* in 2015 estimated that nearly 40% of ex-council leasehold properties sold under the right to buy were now in the private rented sector. Average weekly awards of housing benefit in the private rented sector in 2015 were over £20 higher than in the social rented sector, which is more than £1,000 extra for each claim.

Mr Stewart Jackson (Peterborough) (Con): The hon. Lady will obviously concede that the Chancellor took fiscal measures to disincentivise buy to let in the autumn statement, and she obviously supports owner occupation. To press her on the amendment, given that it is about the power of Secretary of State to make an in-year grant under clause 56 to a housing association, what are the mechanics of clawing back over that 10-year period? Would it not be overly bureaucratic given that she says that housing associations do not currently have the capacity to collect data on their own tenants?

Dr Blackman-Woods: That is a really helpful intervention. One would hope that the threat of grant clawback when a property is converted to buy to let or private renting would be enough of a disincentive to prevent people from doing so.

I appreciate that fiscal measures were taken in the autumn statement, but the amendment seeks to tease out from the Minister, in the absence of any information about the operation of the scheme, whether he intends to give any guidance to housing associations that would help them put together a scheme to ensure not only that people are moved into home ownership, which, as I keep stressing, we all want, but that there would be a time delay before the property could be transferred into the private rented sector. We want to restrict that, not because we have anything against private renting, but because it tends to lead to a higher housing benefit bill and can lead to a clustering of private rented sector properties in a given area, which can have ongoing management costs.

As I was saying, there can be an effect on the demographics, dynamics and stability of some neighbourhoods, which is not necessarily helpful. I am sure that anyone with a university seat such as mine will know exactly what that means in practice. The centre of Durham used to have two absolutely wonderful council housing estates that were built to high standards in the post-war era. They provided much-needed social rented housing in the city centre, which is normally quite expensive. Under right to buy, however, that good-quality housing was bought up over the years by student landlords and properties have been extended. So, instead of having social rented housing available in the city centre, we have huge clusterings of student housing, which takes a fair degree of management by the university, the students themselves and the local authority. We have to make it

clear that there should be a tenure mix in an area, if at all possible, which is why we are very keen to see the Government engage with this issue at some level.

Mr Jackson: The hon. Lady is most generous in giving way and I concur that Durham is a beautiful city, having spent my birthday there this year, in the chaplain's quarters in the castle—[*Interruption.*] I am not a Tory toff, as the hon. Member for Harrow West might imagine.

To deal with the issues that the hon. Lady has raised, her own Government brought in the selective licensing regime under the Housing Act 2004 which deals specifically with the issue that she raised about social and demographic change, and the deterioration of residential neighbourhoods. We do not need any more legislation primarily looking at that particular issue.

Dr Blackman-Woods: I only wish it was that easy to get selective licensing in place; alas, it is not that easy. Quite a high bar has been set. If it worked effectively, that might say something about the dynamics that can occur with that amount of private rented sector housing, particularly for students in an area. However, it does not deal with the wider points I am making about the impact that conversions to the private rented sector have on the housing benefit bill. Again, that is a matter on which we want to press the Minister.

The amendment is particularly important for London and other high-value housing shortage areas, because enabling the right to buy—to convert quickly to a private rented sector tenancy—simply means that it becomes unaffordable for many people. The statutory right to buy requires the repayment of the discount if the property is disposed of, with some exemptions, within five years of purchase. However, there are no restrictions on tenants who exercise the right to buy and subsequently let the property to private tenants. We think that that is an omission that should be rectified. Previous criticisms of the policy noted that it is particularly important that measures restricting the practice of sub-letting right-to-buy properties, except perhaps in cases where the purchaser has died, should be included in the Bill.

As I said earlier, it is important that we address this issue, because—unfortunately—37.6% of ex-council flats are now in the buy-to-let and private rented sector. The Chartered Institute of Public Finance and Accountancy, the public sector accountants, have highlighted the negative impact of funding the right to buy, which simply means a property ends up as a private rent with further strains on the public purse, not only from the discount—obviously—but from higher housing benefit payments.

It would not appear to be a particularly economically competent measure to put a great deal of public subsidy into the right to buy itself, then have to give even further public subsidy because those houses have quickly been converted into buy-to-let properties or private rented properties. London boroughs are able to provide evidence that illustrates this point. In Barking and Dagenham, 41% of properties purchased under right to buy are now privately let. Average eligible private rented sector rents for housing benefit increased by 45% in real terms between 2000-01 and 2010-11, which is a truly extraordinary figure. An estimated £2.9 billion, or 33%, of private sector housing benefit expenditure can be attributed directly to the conversion of properties bought through right to buy to the private rented sector.

2.30 pm

In summary, not only will money from the public purse be put into right-to-buy discounts, but resales, which will lead to private renting and higher rents, mean additional costs to the Exchequer through housing benefit. It also means that many such homes will be unavailable because they will be let at market rents to people who desperately need them. For that reason, we would like the Minister to provide guidance to housing associations to restrict resale and to prevent such properties from going into the private rented sector.

Brandon Lewis: We are alive to the concerns about the fact that more and more homes are being bought as buy to lets, which is why, as my hon. Friend the Member for Peterborough outlined, in the spending review the Chancellor introduced a new rate of stamp duty that is 3% higher for the purchase of buy to lets. That builds on the fiscal changes made in the Budget to mortgage rate relief and sends a clear message about the Government's direction of travel. We are doing work on a wider scale to ensure we get the balance right between people who want to own their own home and those who are involved in buy to lets.

Let me be clear about our objectives. We want to ensure that private investors, especially those who are not resident in this country, do not distort the market or squeeze out families and prevent them from buying and owning a home of their own. We are not, nor should we be, hindering the life chances and social mobility of individuals who want to use the opportunity of owning a home to move on and up. It would be wholly unfair to restrict housing association tenants who want to take the opportunity to buy a home of their own.

Tenants who bought their home under the voluntary right-to-buy scheme used the freedom available to all other home owners, including those who used the existing right-to-buy scheme under previous Governments, both Labour and Conservative. That scheme contains no restriction on letting, so it would be unfair to impose one on housing association tenants. A restriction on reselling or letting their home would limit their ability to move for work or family reasons. We do not think that is reasonable or necessary, given that the agreement includes a commitment to deliver extra homes through new supply. I hope that the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: I have heard what the Minister has to say. The Opposition are aware that the autumn statement contained such changes. Why is it unfair to people who purchase under right to buy to restrict who they can sell their property to for a relatively short period, but it is not unfair to insist that housing remains for people who desperately need it at an affordable rent? We know that moving such properties into the private rented sector at market rents will put them out of the reach of many people if additional money does not come out of the public purse. I would like some time to reflect on the Minister's response. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 56 ordered to stand part of the Bill.

Clause 57

GRANTS BY GREATER LONDON AUTHORITY

Question proposed, That the clause stand part of the Bill.

Mr Thomas: I would like to use this stand part debate to ask the Minister a number of questions, both general and specific. First, will he consider what will happen to the grant to housing associations in London if they are unable to provide evidence of a start on site within the three-year deadline to replace a home? Will any of that returned grant be directed to house building in the local authority area in some other way—perhaps given to the council or to another housing association?

What estimates have Ministers made of the number of portable discounts that are likely to have to be offered in London? That will affect the number of grants that will have to be made as well. It would be useful to hear from the Minister on that question. I return to the specific example I gave of a housing association that operates in a number of areas across the country. I bring to the Minister's attention the example of Home Group, which has helped drive the refurbishment of the Rayners Lane estate in my constituency. It will of course be covered by the voluntary right to buy. If it is given grant, what provision is there that the Home Group might offer new properties in Harrow, as opposed to Newcastle or other parts of the north or the south-east where it has properties? What specific efforts are the Government making to ensure that, if there is not like for like, as we discussed on clause 56, there will at least be another property available in the Harrow area to replace one that might be sold off to a tenant?

On the financing of these grants, the Minister will be aware that there has been a debate within the housing world about whether there are alternative financing mechanisms for these grants, instead of just the option in the Bill of the forced sale of high-value council housing. Lord Kerslake and the hon. Member for Uxbridge and South Ruislip (Boris Johnson), the Mayor of London, have suggested that the Chancellor of the Exchequer might want to replace the cash discount that sales are offering with an equity loan, as the Chancellor is doing already. It would be good to hear whether Ministers have completely rejected that notion, or indeed the conversations they have had with Lord Kerslake and the hon. Member for Uxbridge and South Ruislip.

Finally, the Minister may be aware that the National Housing Federation recently sent around a briefing that clearly indicates that it is concerned that the drafting of this and the previous clause does not fit the terms of the deal that has been done within the Government. I invite him to consider the National Housing Federation's request for a change in the language in clause 57—not now, of course, but, if he is willing to reflect on it, on Report.

Brandon Lewis: I will stick to the point behind the clause. With regard to some of the wider points that the hon. Gentleman has raised, I direct him to chapter 2 of the voluntary agreement with the National Housing Federation, which covers this fully. Clause 57 reflects the grant-making powers just discussed under clause 56, but specifically for the Greater London Authority. It is worth briefly explaining that this is because we want to ensure that the Government have the ability to compensate housing associations for the discounts to their tenants who buy their home in London under the terms of the voluntary agreement. It will allow the Greater London Authority to administer the process and make the payments. The clause is necessary because the Homes and

Communities Agency does not have the locus to make payments in relation to housing association properties sold in London. I am confident that the National Housing Federation is happy that we will be fulfilling our side of the bargain, but we will continue our ongoing dialogue with it at all times.

Question put and agreed to.

Clause 57 accordingly ordered to stand part of the Bill.

Clause 58

MONITORING

Mr Thomas: I beg to move amendment 188, in clause 58, page 24, line 22, at end insert “which will include the use of local occupancy clauses as defined by section 157 of the 1985 Housing Act”.

This amendment would ensure anyone subsequently buying a former housing association property sold under the right to buy would have to have lived or worked in the housing authority area where the property is located for three years or more prior to purchase.

I suggest that Ministers might want to look back at section 157 of the Housing Act 1985 and extend the use of local occupancy clauses in rural areas under the council right-to-buy scheme to the housing association right-to-buy scheme and, in so doing, extend it to the whole country. The Minister might or might not be aware that under the terms of section 157, people have to have lived or worked in an area, usually in a national park, for three years before they can buy certain properties, usually ex-council homes. The effect of that requirement is to lower slightly the price at which homes are sold. Typically, although it depends on the area in the national park, a reduction of between 5% and 20% can be on offer to someone who has lived or worked in an area. That clearly increases the chances of people being able to stay within their communities and achieve their aspiration of owning their own home.

Given the scale at which house prices are rising, such a sensible situation for rural areas, particularly national parks, might usefully be extended to London. With this probing amendment, I am asking the Minister whether he has considered offering a similar provision in the Bill. If he has not, will he do so? Specifically, might he consider it for an area such as London, or other urban areas where house prices are rising fast? I gently suggest that this would not affect his overall objective of extending home ownership, and it would not stop the extension of right to buy; it would effectively create a sub-market within the housing market and make it slightly more affordable for a small number of additional people to get on to the housing ladder. He will understand the concern. Given the public nature of our debates, I recognise that he had to robustly defend the price of starter homes, but I am sure he will recognise the concern that they will not be affordable, particularly in London, to as many people as they might be.

Local occupancy clauses would help extend the ability of more tenants, once a housing association property has been sold for the first time, to have a chance of getting on to the property ladder by buying a former housing association property, albeit at a slightly discounted rate.

Brandon Lewis: On the hon. Gentleman's closing remarks and his point about starter homes, I remind him that both in evidence and here in Committee,

although perhaps he was not here, we made it very clear—this is about a robust defence—that the average price for a first-time buyer, the group of people who will benefit from starter homes, is considerably below the average price for a home in London and more widely. We had a range of examples, but I will not test the Chair's patience by going through them again.

We appreciate that various measures are in place under the existing right to buy, such as properties, if sold within a certain period, being offered back to the landlord they were originally bought from. We are working closely with the sector on the detailed implementation of the scheme, including such issues. I appreciate the spirit with which the hon. Gentleman moved the amendment, but it would mean that homeowners who had bought their property under a voluntary right-to-buy arrangement will be restricted with regard to whom they can sell their property. It would make it a requirement that they can only sell on to someone who has lived or worked locally for three or more years before purchase.

2.45 pm

Apart from being extremely difficult in practice to design and police such a requirement—who would be responsible for checking work histories or living arrangements and ensuring that everything was correct?—such a situation would be wholly unfair to housing association tenants, who would be discriminated against in a way that existing right-to-buy tenants simply are not. Such a restriction would seriously limit the size of the market for those looking to sell, which alone might limit the resale value and possibly be a difficulty when looking for mortgage borrowing in the first place. It could leave people unable to sell if there is no local demand.

Mr Thomas: I appreciate how the Minister is indulging the spirit in which I moved the amendment. May I gently suggest that the policing for a local occupancy clause already exists, in a sense, because it already applies in rural areas and, in particular, in national parks? Few national park authorities report any significant problems with the measure at the moment. Might that not encourage him to take a slightly more positive view of my suggestion?

Brandon Lewis: I appreciate the point that the hon. Gentleman is making, but we are talking about a somewhat different scale from what the amendment would introduce. Tenants who become homeowners as a result of the right to buy are exactly the same as tenants who buy on the open market; the difference is the concern about the loss of stock, which is clearly being addressed anyway through the programme to build new homes, delivering a new-build property for every property sold. Moreover, protections will be in place through housing associations having the discretion not to sell properties, particularly in rural areas—the example he gave—where to do so would not be in the interests of the local community, as the voluntary deal outlines. I hope that he will feel able to withdraw the amendment.

Mr Thomas: I moved the amendment in the spirit of probing the Minister's view. I gently suggest that any restriction on a housing association tenant selling might slightly restrict the market, but in practice I suspect that it will not do so dramatically. Potentially, the amendment

would have allowed not only housing association tenants to access the ambition of owning their own home, but the Government and the whole House to ensure that those who live in communities not on high incomes had a little more chance of getting on to the property ladder. However, it was probing, and on that basis I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr Thomas: I beg to move amendment 92, in clause 58, page 24, line 32, at end insert—

'(7) The Regulator in monitoring compliance must report where a community led housing provider as defined at Schedule [New Schedule 1: community-led housing schemes] or a tenant management organisation as defined by [New Clause: Tenant Management Organisations] has in breach of this Act used grants made by the Secretary of State to facilitate or meet a discount in respect of a right to buy discount.'

The Chair: With this it will be convenient to discuss the following:

New clause 11—*Tenant Management Organisations*—

'All industrial and provident societies and housing associations registered with the Homes and Communities Agency as tenant management organisations shall—

- (a) be exempt from implementing, or facilitating the implementation of, the right to buy; and
- (b) not accept grants made by the Secretary of State in respect of right to buy discounts.'

New schedule 1—*Community-led housing schemes*—

'1 A community-led housing scheme is a scheme provided by a community led housing provider meeting the requirements of this Schedule.

2 A community led housing provider is a body corporate ("a body") which makes available, or intends to make available, dwellings in England and satisfies all the conditions in paragraph 4 and at least one of the conditions in paragraph 5.

3 In the conditions at paragraph 4 the following definitions apply—

- (a) "dwellings" means flats and houses for occupation by individuals as their only home;
- (b) "local community" means the individuals who live or work, or want to live or work in a specified area or are part of a specified community;
- (c) "own" and "owned" means ownership of a freehold interest or a leasehold interest;
- (d) in paragraph 3(b) "specified area" means the locality or region referred to in a body's constitution;
- (e) in paragraph 3(b) "specified community" means the individuals to whom the body seeks to provide a benefit as set out in its constitution.

4 The conditions that must be satisfied are that—

- (a) the body includes within its constitution the purpose of providing accommodation to the local community or for the members of the body;
- (b) the local community have the opportunity to become members of the body (whether or not others can also become members);
- (c) the local community must provide the majority vote on resolutions at general meetings and decisions at management board meetings;
- (d) any profits or surplus from its activities will be used to benefit the local community or other activities of the body as set out in its constitution (otherwise than being paid directly to members);
- (e) the accommodation let to individuals is owned by the body; and
- (f) the number of properties owned by the body does not exceed 1000.

5 One of the conditions set out in this paragraph must be satisfied—

- (a) the body's objects include furthering the social, economic or environmental interests of a local community; or
- (b) the body is owned in the majority by its members who are also the tenants of the body.'

Mr Thomas: I hope not to detain the Committee long, because we had a debate last week on co-operative housing in the context of the clauses relating to custom and self-build housebuilding. I drew the Committee's attention to the definition of "community-led housing", which is encapsulated in new schedule 1. Amendment 92 would specifically require the regulator of social housing to protect housing co-operatives and other community-led housing. It would be a gentle additional requirement in the legislation to ensure that, notwithstanding the voluntary deal offered, housing co-operatives are given a little extra protection.

I alluded to this previously, but it is perhaps worth setting out in a little more detail. I think in particular of the housing co-operatives in the Coin Street area on the south bank of the river Thames. They are all registered housing providers, so technically they are all housing associations, but all their properties are part of a housing co-operative. It would therefore be very difficult for a housing association that is also a housing co-operative to offer a portable discount. Under the terms of amendment 92, the regulator would have a duty to police the insistence that housing co-operatives are properly protected.

New clause 11 focuses on tenant management organisations. A major series of requests for a tenant management organisation that is also a housing association to allow tenants to buy their properties could threaten the viability of the tenant management organisation. Surely it should be for the tenants who are running the tenant management organisation to decide for themselves the future of their organisation. Surely it is not for Government to dictate to a body that is set up and running its own devices how it should operate in the future. It is for the tenant management organisation to make its own rules.

I hope that the Minister will recognise that the amendment offers an opportunity to offer a little more protection to housing co-operatives and specific protection to tenant management organisations. It would not place an onerous requirement on the regulator, but it would help to ensure that the National Housing Federation's commitment is captured in the Bill, resulting in additional protection.

Brandon Lewis: If new clause 11 were accepted, housing associations could not implement the voluntary right-to-buy deal where tenant management organisations had been set up and registered with the Homes and Communities Agency. It would also prevent such organisations from accepting payments made by the Secretary of State in respect of right-to-buy discounts.

Amendment 92 would require the regulator of social housing to monitor and report where a housing association had disregarded the provisions of new clause 11 and operated the voluntary right to buy in properties where a tenant management organisation existed. The monitoring and reporting role would also apply to community-led housing providers—a new category of housing association that the amendment would introduce in an associated new schedule.

Let me be clear: tenant management organisations are not registered providers. They are management organisations, which will be subsidiaries of a registered provider. They are not and cannot be registered with the Homes and Communities Agency, because they cannot own stock and so are not landlords. No grant funding to cover the cost of the discount would be made to such organisations under the voluntary right-to-buy deal.

The landlord-tenant relationship is with the property-owning landlord—the registered provider—and the tenant would exercise their right to buy against that landlord. The amendment do not quite fit into that landscape. Tenant management organisations and other community-led organisations do play an important role in helping tenants to play an active part in the management of their homes, and often in wider community initiatives as well, but they are not part of the right-to-buy arrangements.

If there is concern about having different tenures, with social tenants and owner-occupiers being part of a tenant management organisation, I must say that there is no reason to believe that tenants and owners could not come together in that way. If, however, the intent behind the new clause is to create a loophole in the implementation of the voluntary right to buy, whereby the setting up of a tenant management organisation would in itself mean that the voluntary right to buy could not operate, that would run counter to our manifesto commitment to extend the right to buy. I am sure that that is not the hon. Gentleman's intention.

Our aim is to ensure that social tenants can access available home ownership opportunities regardless of their landlord. It would be wholly unfair to tenants who want to take the opportunity to buy a home of their own if they were prevented from doing so merely because of the existence of a tenant management organisation. The voluntary right to buy deal contains protections that allow housing associations discretion not to sell properties that are important to their communities and clients. The changes are therefore unnecessary and, I would argue, counterproductive, so I hope that the hon. Gentleman will withdraw the amendment.

Mr Thomas: I hear the Minister's concerns, in particular about new clause 11 on tenant management organisations. Let me reassure him: no one who is committed to good governance likes the creation of loopholes, and that is the last thing I would want to be accused of. One wants consistency and clarity in all legislation.

I intend to come back later to some of the wider concerns of the housing co-op and community housing movement about pay to stay, which is part of the reason for tabling new schedule 1. There is real concern about the additional administration requirements that housing co-ops will incur as a result of the pay-to-stay requirements. However, these were probing amendments, and I beg to ask leave to withdraw them.

Amendment, by leave, withdrawn.

Mr Thomas: I beg to move amendment 187, in clause 58, page 24, line 32, at end insert—

'(7) The Secretary of State and the Mayor of London must publish an annual report and impact assessment setting out how many housing association properties have been sold off and its impact on homelessness in Greater London.'

This amendment would require the Secretary of State and Mayor of London to publish an annual report and impact assessment setting out how many housing association properties have been sold off and its impact on homelessness in Greater London.

The amendment relates to the Opposition's concern that Ministers have given up on trying to help those who are in need of accommodation but who are on low or, in a London context, middle incomes, for whom the prospect of being able to buy their own home is some way off, but who nevertheless need accommodation. This is a sensible amendment to require Ministers to account for the impact on homelessness of the measures in the Bill.

The Minister may well be aware that homelessness in London is rocketing. It might be worth dwelling on some of the statistics from a number of London authorities. I am delighted to see the hon. Member for Wimbledon back in his seat; he will probably be aware that the number of homeless people and people in priority need households, which was just 89 in 2010, has risen to 132 accepted in 2015—a steady rise in the number of homeless households being accepted. The total accepted on to the housing register in 2015 was some 330; in comparison, the total accommodated in temporary accommodation in 2010 was just 76. In the hon. Gentleman's borough, Merton, there has been a sharp rise both in the number of homeless households being accepted year by year and the number in temporary accommodation and on the housing register.

The hon. Member for Croydon South is sadly not in his place, but in 2010 the number of homeless people and people in priority need households accepted was 575. This year that figure had risen to 880. The total being accommodated in temporary accommodation was 1,478 in 2010, and by 2015 it had shot up to 2,412. Those figures indicate scale of homelessness and the number of people in temporary accommodation in these two critical south London boroughs.

In Westminster the number of homeless and people in priority need in 2010 was some 463. By 2015, it had shot up to 643 for the same period. The total accommodated in temporary accommodation in 2010 in Westminster was 1,725; by 2015, it had shot up to 2,397. The pace of growth has been similar across London. In my borough, Harrow, the number of people in temporary accommodation at the end of September 2010 was 460, but by 2015 there had been a significant rise, to 504.

That is the backdrop to the amendment. Yes, Ministers have a focus in the context of the Bill on extending home ownership; that aspiration is supported by Members in all parts of the House, but I gently suggest that they also need to focus on the needs of those on low and middle incomes, whom the Conservatives seem to be forgetting. The amendment would ensure that Parliament and, indeed, Ministers think about the issues for those on low and middle incomes, for whom buying a home is some way off. I commend the amendment to the Committee.

3 pm

Brandon Lewis: As outlined, the amendment would require the Secretary of State and the Mayor of London to publish an annual report and impact assessment that sets out how many housing association properties have been sold off and the impact of that on homelessness in London. The hon. Gentleman outlined the

backdrop and, while I will not test your patience by going too far outside the Bill's scope, Mr Gray, let me say that we have increased funding: for example, funding for the discretionary housing payment will be £800 million over the course of the Parliament, which is a 40% increase.

We are determined not to return to the bad old days when homelessness was roughly double what it is today. We recognise the importance of having a mechanism to monitor and report on the effectiveness of the voluntary agreement, so the clause will allow for the collection and publication of statistics on housing association sales and new builds under the voluntary agreement. Detailed statistics on homelessness are already collected for all authorities, including figures for the number of households accepted as homeless and the reasons for the loss of their last settled home. That will allow us to monitor any changes to the homelessness situation in Greater London and indeed elsewhere. I therefore hope that the hon. Gentleman will withdraw his amendment.

Mr Thomas: I am not wild about the Minister's answer. I am yet to see the Government propose a significant package of measures to help those on low incomes and those who are on the temporary housing register in temporary accommodation and see no immediate sign of councils or housing associations being able to help them.

Brandon Lewis: I appreciate the hon. Gentleman's generosity in giving way. I hope he recognises that under this Government the amount of time people spend in temporary accommodation has been reduced by at least seven months.

Mr Thomas: The experience in Harrow has been a rising number of people in need of temporary accommodation and increasing concern about its quality. It would be sensible for the Minister to focus on this issue in a little more detail than the Conservatives, and his Department under the Secretary of State's leadership, are duly doing. I am tempted to press the amendment to a vote.

The Chair: The hon. Gentleman may be tempted, but does he wish to press the amendment to a vote?

Mr Thomas: I beg your pardon; I do.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 10.

Division No. 7]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Hayes, Helen	Thomas, Mr Gareth
Morris, Grahame M.	

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Kennedy, Seema
Griffiths, Andrew	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

Question accordingly negated.

Clause 58 ordered to stand part of the Bill.

Clause 59

DISPOSAL CONSENTS

Brandon Lewis: I beg to move amendment 178, in clause 59, page 25, line 5, after “Consent” insert—

“in respect of a disposal of land in England”.

This amendment limits the amendment to section 133 of the Housing Act 1988 to disposals of land in England.

The Chair: With this it will be convenient to discuss Government amendment 179.

Brandon Lewis: Clause 59 amends section 133 of the Housing Act 1988 and section 174 of the Housing and Regeneration Act 2008 to allow for disposals by way of sales under the extended right to buy by private registered providers to be subject to a general consent of the regulator of social housing, as exercised under the power in section 172 of the 2008 Act. Amendments 178 and 179 are minor and technical ones, to ensure that the changes apply only to disposal of land in England, as housing policy is devolved.

Mr Thomas: Has the Minister had any conversations with the authorities in Northern Ireland, Scotland and Wales about why they might not be indulging in a similar set of proposals? I understand that in Scotland the right to buy period is being cancelled. Is the Minister aware of the situation in Scotland and what has led the Scottish National party to go down that road? Has he any indication about whether the Northern Ireland Assembly might follow the example of his party and his Government and introduce it over there?

Brandon Lewis: I suspect that, to an extent, I might be moving somewhat outside my remit, as these are devolved matters. I am happy to reiterate the debate that was had on the Floor of the House with Members of the Scottish National party making the case against right to buy. I made the same point to them as I made to Labour in Wales when they were looking at right to buy: I do not understand why they are so against giving tenants in their area the opportunity to become home owners.

As I outlined on the Floor of the House, it might be that in Scotland, as in England, between 1997 and 2010 the Labour Party and the SNP did not do the job of building the extra homes they should have built, using the money from right to buy to build extra homes in the way that we are doing. They had a similar situation to Labour’s 170 homes sold for just one built. That is why it is so important that this voluntary deal is taken forward in the way that the reinvigorated right to buy has been in England, and we have at least one home built for every home sold. I encourage colleagues in the devolved nations to look at that model, going forward, rather than the previous Labour model.

Amendment 178 agreed to.

Amendment made: 179, in clause 59, page 25, line 8, after “Consent” insert

“in respect of a disposal of land in England”—(*Brandon Lewis.*)

This amendment limits the amendment to section 174 of the Housing and Regeneration Act 2008 to disposals of land in England.

Dr Blackman-Woods: I beg to move amendment 152, in clause 59, page 25, line 8, at end insert—

“(3) Portability of the discount must only apply where practicable in terms of availability of suitable properties for disposal and vacancy timescales.”

This amendment would ensure that portability of the discount must be practicable and able to be delivered in practice.

The Chair: With this it will be convenient to discuss amendment 153, in clause 59, page 25, line 8, at end insert—

“() Property offered under portability must be of—

- (a) similar size,
- (b) similar or improved quality,
- (c) in an area agreed by the tenant, and
- (d) subject to an appeal mechanism.”

This amendment would protect the tenant against an unreasonable offer of portability.

Dr Blackman-Woods: The amendment is designed to ensure that the portability provisions that go alongside the so-called voluntary agreement with housing associations have been properly thought through, so that offers made can be delivered by the housing associations within a reasonable timescale.

The issue of portability is very much on the minds of housing associations, as evidenced by their contributions to the Communities and Local Government Committee’s inquiry into right to buy. That is clear, but I will take the Committee through some of those examples. As requested, housing associations will apply portability—for example, Ian McDermott of Sanctuary Group said:

“we have stock in national parks, for example, which was built with covenants around selling. Those will not be for sale, but we will be offering portable discounts to those residents.”

Similarly, David Montague from L&Q said:

“For example, all of our stock in Richmond was acquired on the legal understanding that it would never be sold...That is just one example of many.”

He went on to say that L&Q will therefore not be able to offer its tenants in Richmond the opportunity to buy but will offer an

“alternative through a portable discount.”

Underpinning those statements is a supposition that it will be possible to offer portable discounts, but the lack of information before us about portability means that we must have this probing amendment to test how the Government see portability working in practice.

The PlaceShapers group of housing associations told us that the expectation that tenants living in exempted homes will be able to take their discount elsewhere—that it will be portable—might prove difficult to implement in places where the supply of alternative options is curtailed and constrained. If a housing association’s stock is very limited because a lot of its stock is exempt from the right to buy provisions, it might be difficult for that housing association to offer portability. That prompts a number of questions for the Minister. Will there be exemptions from the portability policy? Will housing associations always have to offer full portability? How many offers of portability will housing associations have to make, and in what circumstances? What is the timescale? Are there any restrictions that will enable the scheme to be more workable for housing associations with limited stock? For example, will the scheme expire

after a certain period? Is there a different test of the reasonableness of an offer if a housing association has very limited stock?

Mr Thomas: My hon. Friend tempts me to take the Committee back to the question of the publication or not of the operational document that the National Housing Federation said it and the Government have committed to publish, setting out the details of how things such as, presumably, portable discounts will operate. Will she press the Minister to give a timetable for the publication of that document? Will it be published before Report?

Dr Blackman-Woods: As always, my hon. Friend makes an extremely helpful intervention. We could have curtailed our discussion of this clause if more information about how right to buy will work in practice was in the public domain. We appreciate that the Government have set up pilots, but virtually no information is available about how those pilots will operate. It is important for our scrutiny of the Bill that we seek to tease from the Minister the circumstances in which portability might not be able to be applied because of the nature of a housing association and its stock. We have no idea whether the Government are going to publish regulations with some of that detail or whether they will give guidance to help housing associations to make the pilots work.

We also have no idea what is going to happen after the pilots. Will the lessons learned be applied to others in the sector, or will the scheme be rolled out to everybody in the meantime? The lack of information is breathtaking, given the seriousness of what the Bill aims to do. Following the request made so eloquently by my hon. Friend, will the Minister inform the Committee, in writing if necessary, when the operational guide and more detail about the scheme will be available?

3.15 pm

Mr Thomas: The Minister has not yet instructed civil servants to make that operational document available. Surely there is some indication from the five housing association pilots launched last week about how portable discounts will work. He could therefore give us some information about how portability will work in the context of those pilots.

Dr Blackman-Woods: My hon. Friend makes an excellent point. Given that those pilots were operational from midnight last Wednesday, one would assume that some consideration would be given to having an answer for tenants who got on the phone immediately—the Minister gave an example of one earlier—to register for the right to buy. One can only speculate what answer they received in the absence of any information—certainly any information in the public domain—about how the scheme should operate. There appear to be a series of questions about how the scheme will work from the housing association's point of view. That is the purpose of amendment 152.

Amendment 153 seeks more detail from the Minister about how the scheme will work for tenants who seek to register for the right to buy and, ultimately, to purchase their housing association home. The purpose of the amendment is to see whether the Government intend to put down any parameters about the nature of the

portability offer that should be made and how reasonable that might be. Will the Minister seek to put safeguards for tenants in guidance to enable them to take up the portability offer?

Paragraph (a) of the amendment suggests that a property offered under portability should be of a “similar size”. We want to prevent, for example, a family who live in a three-bedroom house that is not covered by the right to buy from being offered a portable discount on a property that is much smaller, such as a bungalow. Unless the tenants want a property of a different size, it is important that they should not be forced into a much smaller and possibly unsuitable property simply so that they can take up the portability offer. Does the Minister intend for regulations to set out the reasonableness criteria for such an offer made by housing associations?

Paragraph (b) seeks to safeguard the tenant from being offered a property that is of poorer quality. New build housing could, for example, be exempted from the right to buy, so a portability offer could be for older stock in a poorer condition. Similarly, it is possible that, under discretion, housing associations would restrict the sale of refurbished property. Someone living in a refurbished property would not be able to buy it but they would be offered a property elsewhere, through the portable discount, that has not been refurbished. This is an issue that I would like the Minister to comment on. We think similar quality for tenants is important.

The Minister is looking at his watch but, as I said earlier, we could have curtailed discussion massively on this section of the Bill if the information that we are seeking was in the public domain or if we knew when it was likely to be in the public domain. If it was going to be in the public domain before we finished deliberations in Committee, we could have come back to it at a later stage. However, because we are lacking so much information, it is important in terms of our scrutiny role that we seek at least to try to have more information in the public domain.

Paragraph (c) seeks to ensure that the area in which the property with the portable discount that is offered to the tenant is either in the same area or in an area that is agreed by the tenant. This issue was raised by the Select Committee. There was a specific question asked about tenants who live in national parks, because they are quite extensive in some areas and there was a real concern expressed, I think by the Chair of the Select Committee, that it might not be possible to offer portability in those circumstances, or not in the same area. It is important to us that, if there is going to be portability and it is going to involve another area, there has to be agreement with the tenant.

Lastly, paragraph (d) of the amendment seeks to tease out from the Minister exactly how an appeal mechanism would work. We know—we already have information from the National Housing Federation—that, if the tenant were unhappy with the alternative offered, for example because it represented a worse housing option than the one in which they lived, or it was in a location that presented difficulties in terms of employment, schooling and other commitments, they would be allowed to appeal to the regulator to arbitrate. Where the regulator considered that the association had acted fairly, it would suggest that the tenant accept the offer or, subject to available funding, offer the tenant a portable discount to purchase a property on the open market. Where the

[*Dr Blackman-Woods*]

regulator considered that the association had not offered a reasonable alternative, the association would agree to offer another alternative.

I thought that that was quite interesting. Again, it begs a number of questions. Are we absolutely certain that the regulator would be independent? Is there a limit to the number of times that the tenant can go back to the regulator? If a tenant is offered a property that they think is unreasonable, they can turn it down. The regulator might agree that it is unreasonable. The housing association must then offer another property, but what if the tenant thinks that that is also unreasonable, perhaps for a different set of reasons? Can the tenant go back again and ask that it is looked at by the regulator? It seems to me that that is quite a cumbersome way to deal with just one transaction. Is there a limit on the number of times that someone can go to the regulator or a timescale that should be applied? Indeed, is there a timescale for wrapping up an offer of portability for a particular tenant? At the moment, as I have said, we simply have no real information about the appeals process, how independent it is or how fair it will ultimately be to the tenant, and whether the scheme will be workable. I look forward to hearing the Minister's answers to our specific questions on how portability will operate.

Mr Thomas: I rise to support the amendment in my hon. Friend's name. In doing so, I am struck by an example in Wealdstone in my constituency, where one particular housing association, A2Dominion, is engaged with tenants and leaseholders in what seems to be a never-ending discussion about a series of construction problems with the property. It has been going on since 2008, and the problems still do not seem to have been sorted out. There are extensive leaks, a whole series of flats have been affected and there is as yet no sense when my constituents in Bannister House, an A2Dominion property, will have their problems sorted out.

In the context of the amendment, the last thing that I would want is for other tenants, under the portability arrangements, to be offered a poor property such as those in Bannister House, with a history of maintenance problems. My hon. Friend's amendment seems to be a sensible pro-tenant safety measure on which it is worth pushing the Minister. I raised a couple of questions during debate on clause 57 stand part, one of which related to portability. The Minister resorted to the classic tactic of Ministers who do not know the answer by referring to some document on a website.

Mr Bacon: I wonder whether the hon. Gentleman says that it is a classic tactic because he is speaking from experience.

Mr Thomas: I plead the fifth and will not answer the hon. Gentleman's question—

The Chair: Order. You might want to focus on the amendment.

Mr Thomas: Exactly, Mr Gray. It would be outwith the terms of the debate. I will, however, gently ask the Minister again whether any estimate has been made of the number of portable discounts that will be offered in London. Will any restrictions be placed on portable

discounts? Again, that is a question worth asking. For example, do they need to be on homes in the same local area? I hope that he might be willing to answer those questions rather than fob the Committee off.

Brandon Lewis *rose*—

The Chair: Order. Before the Minister commences, I suspect that we are just about to have a Division in the main Chamber. When that occurs, we will suspend the Committee for 15 minutes for the first vote and an additional 10 minutes each for any further votes. I hope the bell will ring; we are waiting for it. It will happen any second now, so I think we can anticipate it and suspend the Committee for 15 minutes, followed by 10 minutes for each subsequent vote. [*Interruption.*] Ah. There we are.

3.28 pm

Sitting suspended for Divisions in the House.

3.55 pm

On resuming—

The Chair: I remind the Committee that we were discussing amendment 152 to clause 59. The hon. Member for City of Durham had proposed it and I was about to call the Minister to respond.

Brandon Lewis *rose*—

Mr Thomas: On a point of order, Mr Gray. I apologise to the Minister for speaking before he gets under way. Might you be of a generous disposition, Mr Gray, and allow us to take our jackets off?

The Chair: I am grateful to the hon. Gentleman for asking me. I am afraid to say that I am a very old-fashioned individual and I apply the same clothing and eating regulations in Committee as I do in the main Chamber. I hope the hon. Gentleman will forgive me if I do not agree to that: it is midwinter, after all.

Mr Thomas: It is the hot air coming from the hon. Member for South Norfolk.

Brandon Lewis: Thank you, Mr Gray. I think *Hansard* will show where the hot air has been coming from for much of today.

Amendment 152 would limit the portability of discounts offered under the voluntary right to buy to cases where this was practical in terms of availability of suitable properties for sale and of the vacancy timescales. Amendment 153, just to refresh our memories, would require properties offered with a portable discount to be in an area agreed with the tenant, of a similar size and quality, and for there to be an appeal mechanism. From the comments made before we broke to vote, it was clear that the Opposition were trying to put into legislation arrangements that we have negotiated in a voluntary deal with the sector.

Hon. Members asked for details of where these things are printed. The hon. Member for City of Durham quoted from what I think she said was something sent round by the National Housing Federation. Actually, she quoted directly from the voluntary agreement that is published on the National Housing Federation website, chapter 1 of which very much outlines those points. That is backed up by a written ministerial statement

made by my right hon. Friend the Secretary of State for Communities and Local Government on 12 October. Housing associations have made it clear that they agree, as part of the deal, that where a housing association exercises its discretion not to sell a home, the housing association will provide an alternative from its own stock. The rest Members can read in chapter 1.

Mr Thomas: Very specifically, on the Coin Street example I gave, where all the properties are part of the housing co-operative, will they have to give portable discount or not? I recognise that they are excluded from right to buy in general terms, but are they excluded in this context from having to offer a portable discount?

Brandon Lewis: Again, I highly recommend that the hon. Gentleman read the proposal from the National Housing Federation. It has a clear table, headed in bold, “Examples of circumstances where housing associations may exercise discretion over sales” in which co-operatives are listed.

Housing associations have agreed in the deal that there will be a proposal for an appeal mechanism where a tenant is not happy with the alternative property on offer. The hon. Member for City of Durham asked if it would be a genuinely independent process, but I am sure she was not trying to question the independence of the regulator and it is the regulator to which the voluntary agreement relates. To suggest that the housing associations will not deliver on the terms of the agreement takes us back to the problem the Opposition appear to be having with the concept that housing associations are professional organisations that we trust and that will honour their agreement with the Government. After all, it was their proposal. I do not believe that they will fail to honour the agreement, which is why I do not accept the amendments.

Mr Thomas: It would be easier for the Opposition to take the Minister’s words on trust had he been willing to accept the National Housing Federation’s request for an amendment to clauses 56 and 57 to implement properly the deal reached by the Government and the NHF.

4 pm

Brandon Lewis: As I have outlined, this is an agreement that the National Housing Federation proposed to Government. We have accepted it and will deliver our part of the bargain so that they can deliver their side, and we trust them to do that.

The amendments imply, again, that the Opposition do not trust housing associations to take up their side of the bargain. I simply do not accept that; we do trust them. Amendment 153 seeks to limit the type of property that can be offered to tenants under portability arrangements and again seems to limit the opportunities of tenants to own their own home.

What about tenants who have an expanding family and need larger accommodation, or are looking to downsize as the family moves away, or to make home ownership more affordable? We do not agree with the Opposition’s insistence on imposing unfair and unnecessary restrictions on them. Where tenants are able to use their discount to purchase an alternative property it would entirely be at their discretion whether to take up that discount and portability. The amendments are unnecessary.

Dr Blackman-Woods: As I said earlier, these are largely probing amendments seeking to elicit more information from the Minister about how the portability mechanism might work in practice. To my knowledge, we did not accuse housing associations of failing to deliver on the voluntary agreement or failing to have a regulator in place. We simply sought more information.

If I could drag us all back to reality for a moment, housing associations did not wake up one morning on 23 September or thereabouts and think, “Gosh, we must go and have a voluntary agreement with the Government on the right to buy. Let’s see if we can catch them just before the Conservative party conference and see if we can agree something.” It was within a context of the Government saying, “Come up with a voluntary deal, housing associations, or we will put something on statute.”

Brandon Lewis: I appreciate we are some way off the scope of the Bill, Mr Gray, but could I respond to a very direct point?

The Chair: I will keep a close eye on it.

Brandon Lewis: I will test your patience a moment to suggest that the hon. Lady would surely acknowledge that perhaps the housing associations saw what was in the Conservative party manifesto, appreciated that we had a mandate to deliver that, actually wanted to deliver ownership for their residents and tenants, and therefore wanted to work with the Government to do so.

The Chair: Order. I would much rather that you did not go too far down that particular track. We are reserving our comments for the amendments we are considering. Dr Blackman-Woods.

Dr Blackman-Woods: Yes, I will seek to do that, Mr Gray. I was just trying to clarify what “voluntary” meant.

As I said, these are largely probing amendments and they have generated quite a lot of heat, although I am not sure that we have much more light on how portability will operate in practice. Perhaps the Minister would reflect on that in the coming weeks and we will get some more information from housing associations. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 154, in clause 59, page 25, line 8, at end insert—

‘() The discount should remain in perpetuity.’

This amendment would ensure that homes sold under the Right to Buy remain as discounted housing in perpetuity.

I might be able to anticipate what the Minister will say about the amendment, given the extensive discussion we had on a similar matter regarding starter homes. Nevertheless, it is important that the Opposition seek to get more information from the Minister about why properties sold under right to buy can attract a discount for purchase, and why it is not possible for that purchase to remain in perpetuity, so the number of homes lost to home ownership under the right to buy could be replaced in a very easy way: as somebody gets a discount, buys the home, sells it and moves on to another property that they might buy on the open market, the property they are leaving would attract a discount again.

[*Dr Blackman-Woods*]

Millions of homes have been lost in the social rented sector through right to buy, and the amendment would ensure their ongoing availability. It also means that the discount on a right to buy property would be a cheaper way to ensure that homes were available for low-cost home ownership, and probably a much cheaper way to fund the replacement than any of the other measures that we have considered. However, this is a straightforward amendment asking why we do not consider how we might provide a discount in perpetuity. I would be interested to hear from the Minister why he thinks it is not a good idea.

Brandon Lewis: I appreciate the hon. Lady's opening remarks and her thoughts on what we might say, but I must respond to the amendment as written. Interestingly, it highlights and reconfirms the fact that the Opposition are keen to ensure that housing associations do not receive full market value for their properties; they are seeking to remove that possibility from the individual tenant. The other option is that they want the Government to pay compensation over and over again every time the property is sold. I might not be overly surprised that they have a cavalier attitude to public money, but I doubt that that is genuinely what they intend; at least, I hope it is not.

If the intention behind the clause is to protect stock, I say once again that stock will be built up, as extra homes will be built as a result of the measures. The amendment as drafted makes no sense. It would be either deeply unfair or deeply profligate, depending which way it is read. I hope that the hon. Lady will withdraw it.

Dr Blackman-Woods: If the Minister is absolutely certain in his assertions about the waste of public money, perhaps we could do a cost-benefit analysis of bringing houses back through the route in the amendment rather than completely replacing them and rebuilding elsewhere. Again, this is a probing amendment. It would help all of us in our deliberations on these clauses if we had had more information about the extension of right to buy to housing associations and how it might work in practice so that replacement continues.

I hear what the Minister says, but so far I have not seen any evidence to back up the points that he is making. I do not want to press the amendment to a vote at this point, but it would be extremely helpful to have the information to back up the points that he has made in his response. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 155, in clause 59, page 25, line 8, at end insert—

“() A dwelling must not be sold under the Right to Buy without the Housing Association having the ability to—

- (a) verify the source of funding for purchase,
- (b) establish who is occupying the property,
- (c) check that the person/s seeking to purchase the property under Right to Buy has no interest in another property,
- (d) have sufficient time to carry out checks for fraudulent activity, and

- (e) be able to prepare reports on (a) – (d) for the Housing Association Board of Trustees to consider.”

This amendment would ensure that housing associations are able to carry out proper checks before proceeding with the Right to Buy offer.

The amendment seeks to argue that a dwelling must not be sold under the right to buy unless the housing association has the ability to do a list of things. I will talk for a moment or two about why we think that amendment 155 is extremely important. I emphasise at the outset that it is based on a range of questions that have been asked by the housing associations, which have presumably signed up to the voluntary agreement. Given that a lot of people out there are seeking to operate the right-to-buy scheme, I hope that we can get a detailed response from the Minister to the points made in the amendment.

Several housing associations suggest that they would like provisions under the right to buy, as listed in the amendment, to help them ensure that properties are not bought and resold as a means of laundering money. It is a serious concern of theirs. They also want to ensure that measures are implemented to help them assess and tackle fraud.

PlaceShapers is also concerned to ensure that it fulfils its responsibilities to counter fraud and money laundering. PlaceShapers requests that the process of demonstrating eligibility for right to buy requires an obligation to evidence where the source of money to purchase has come from. Mandatory fraud checks should be part of the application process and sufficient time should be allowed for completion of investigations prior to an application being accepted.

Given how quickly the Government have moved to the pilots, one would assume that one of the things the pilots will do—presumably this is not already in place—is establish arrangements to enable them to check thoroughly who is applying for the right to buy and whether they are a bona fide tenant.

Stephen Hammond (Wimbledon) (Con): I understand the hon. Lady's point, but surely almost all she is asking for—or the housing associations are asking for—would be required for a mortgage, if that person was going to buy. They are tenants of the property, so most of this information is already there. On the particular point about money laundering, under the stringent new rules about getting mortgages, that fear would not be present.

Dr Blackman-Woods: The hon. Gentleman makes an interesting point. However, PlaceShapers and other housing associations say that not all requests for a right to buy are accompanied by a mortgage application. They want to ensure that the source of money, if not through a mortgage, is from a bona fide source. That is a very real concern. We want to hear how the Minister thinks the right-to-buy scheme will address this particular set of concerns.

Kevin Hollinrake (Thirsk and Malton) (Con): The hon. Lady will be aware that the conveyancing solicitor also has a responsibility to check the identity of the client and the source of funds, to prevent money laundering offences from taking place.

Dr Blackman-Woods: I simply reiterate my point that housing associations want to ensure that they can carry out due diligence and are seeking, as are we, some guidance

from the Minister about what might be appropriate. In passing, I should say that the amendment is largely probing to test whether the Government have thought about how the scheme will work in practice, and whether the concerns of the housing associations that will have to operate it are being taken on board.

Mr Jackson: It is incumbent on the hon. Lady to table an amendment that makes sense. She cannot simply say that it is a probing amendment, because she will have heard at the evidence session that virtually all the housing associations said that they did not have the organisational capacity to collect robust data on their own tenants' financial circumstances. Yet she is now asking us to believe that they can put time, effort and resources aside to become, effectively, a Financial Conduct Authority for their own tenants.

Dr Blackman-Woods: I am not sure why the hon. Gentleman does not think the amendment makes sense. It says:

“A dwelling must not be sold under the Right to Buy without the Housing Association having the ability to—

- (a) verify the source of funding for purchase,
- (b) establish who is occupying the property,
- (c) check that the person/s seeking to purchase the property under Right to Buy has no interest in another property,
- (d) have sufficient time to carry out checks for fraudulent activity, and
- (e) be able to prepare reports on (a) – (d) for the Housing Association Board of Trustees to consider.”

I am not sure what the hon. Gentleman's problem is. The amendment makes perfect sense to me. The hon. Gentleman might disagree with it, but that is a different issue from the amendment not making sense.

In addition to the concerns in the amendment, housing associations also wonder whether eligibility for right-to-buy discounts should exclude those tenants who are in arrears with their rent and those who receive housing benefit. Personally, I am not sure about that, but the housing associations have raised those issues.

In relation to tenants with an assured shorthold tenancy, the housing associations want to be sure that family members who wish to take part in right to buy have been occupying the property as their only and principal home for the qualifying period and that no applicant has an interest in another property. Those are sensible measures because of the discounts that apply under right to buy. As the discounts are now substantial, it is important that we encourage housing associations to account properly for how money is spent and that due diligence is allowed to happen. That seems sensible.

4.15 pm

The Minister might say that those details will all be ironed out during the pilot process but, as we have already said many times this afternoon—to the point where I am beginning to bore myself—little information is available on the pilots and on exactly what they will cover. It would help our consideration of the Bill if the Minister told us whether he intends that, as the amendment outlines, housing associations should have the ability to:

“verify the source of funding for purchase, establish who is occupying the property, check that the person/s seeking to purchase the property...has no interest in another property, have sufficient time to carry out checks for fraudulent activity”.

Housing associations could then ensure that tenants who do not qualify cannot invest funds in this vital measure. The housing associations are simply asking to be given time properly to vet people who apply under the right-to-buy scheme, which, as I said earlier, seems to Opposition Members to be a reasonable request. Why would it not be possible to put something in guidance or regulations to satisfy the public at large that great care is being applied to who can get these discounts so that the right-to-buy scheme is not a waste of money?

Mr Jackson: There is a modern trend called “virtue signalling,” and we have a version of it here. This is either an amendment that should be taken seriously and could be added to the Bill, or it is not. It is not a probing amendment so much as a wrecking amendment that is virtue signalling to our friends at the other end of the corridor—the unelected panjandrums in the House of Lords—who will be looking at this Committee's decisions and debates.

Dr Blackman-Woods: If this is a wrecking amendment, does the hon. Gentleman accept that it is a wrecking amendment that has come from the housing associations themselves? If they have genuinely signed up to a voluntary agreement, one can only ponder why they would want to wreck this legislation.

Mr Jackson: It is apposite at yuletide to say that turkeys do not vote for Christmas. Anything that puts a burden on the housing associations would not be in the best interests of their tenants. Taking issue with the hon. Lady is like wandering down memory lane. Twenty-five years ago, when I had the honour to serve as a London borough councillor, the Labour party was going through a hard-left spasm, and it was then finding it difficult to contain its antagonism towards the first iteration of right to buy. The Labour party had to pay lip service to it, but it was all about putting bureaucratic barriers in the way of tenants exercising their proper, due right to buy. Although the Labour party pays lip service to the desire for more people to own their own homes—again, I cite the figure that 86% of people say that they want to own their own home and support right to buy—I get the feeling that somehow it has not caught up with that trend.

I say that because the hon. Lady knows that the housing associations specifically made it very clear at the evidence session that we attended a week or so ago that, in respect of pay to stay, they did not have this capacity to check. It seems—bizarre as it may appear—that housing associations do not routinely check the financial bona fides of their own tenants: their incomes, their expenditure, and the basis on which they were being housed by that private entity, for the time being, or by that social entity in the form of a housing association. It seems to me that the hon. Lady has disregarded that evidence by tabling an amendment that is onerous and bureaucratic, and would have a direct cost on front-line services in terms of the provision of social housing and specialist housing.

Given the very sensible points made by my hon. Friends the Members for Thirsk and Malton and for Wimbledon, the amendment is superfluous simply because it disregards the fact that there are already regulatory and statutory obligations and duties on several bodies

[Mr Jackson]

to ensure that money laundering does not take place. The checks and balances that the hon. Member for City of Durham thinks that we should put into legislation by means of this amendment are simply not needed, and would put an extra bureaucratic burden on housing associations. Indeed, this amendment is not good enough and, in my humble opinion, it is a wrecking amendment. Even though the hon. Lady does not suggest it, I decry the fact that housing associations, which said that they are too busy to check their own tenants' financial bona fides for pay to stay, would still be expected under the amendment—indeed, they suggested it through the National Housing Federation—to put in place an onerous and difficult bureaucratic regime.

Mr Thomas: While the hon. Gentleman is talking about onerous burdens on housing associations, would he like to tell the Committee whether he now shares the concerns about the onerous duties under pay to stay, to which housing associations have drawn the Committee's attention?

The Chair: Order. I think that the hon. Gentleman might not want to do that, because we are focusing entirely on the discount.

Mr Jackson: The hon. Gentleman tempts me, but I would not want to incur the wrath of our Chair on this occasion. That particular happy hunting ground and battle royal of pay to stay are before us in the future. I am sure that the hon. Gentleman is arming himself metaphorically and intellectually for that battle but, for the time being, I decry this amendment. It is unnecessary. Checks and balances exist to make sure that the proper procedures are followed to ensure that there is no criminal activity, especially money laundering, in the right-to-buy process for housing associations.

Brandon Lewis: The voluntary right-to-buy deal sets out the work done jointly by the Government and the sector to develop an efficient implementation process. This process would include measures that exist in the current right-to-buy scheme, such as eligibility tests and measures to limit fraudulent purchases—not the least among all the points raised by my hon. Friends earlier.

In the hon. Lady's closing remarks, she made what was almost an aside about checking whether extending right to buy is—I think I quote her correctly—a “waste of money”. I say to her that perhaps she should meet people such as Wendy, whom I met in Liverpool on Friday, and others who have been able to take advantage of right to buy over the past few decades and support the reinvigorated scheme. I am getting messages from people who look forward to being able to benefit from the extended right-to-buy scheme. They will tell the hon. Lady that home ownership is not by any means a waste of money, nor is the fact that the Government will make sure that housing associations receive the full market value to use to deliver new homes.

Dr Blackman-Woods: My point was not that the right to buy and discounts are a waste of money but that, if it went to somebody who was money laundering or was, in some other way, not fit to get the right-to-buy discount, that would be a waste of money.

Brandon Lewis: All these checks and balances will be developed as part of the detailed design of the scheme currently under way and will indeed be informed by the pilot schemes announced by the Chancellor in the spending review. It is not necessary or appropriate to include them in the Bill. The clauses in the Bill are those that are necessary to make the deal work, they are not needed to duplicate the deal. I hope that the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: I said that this was largely a probing amendment to see whether there was support from the Minister for giving guidance to housing associations on the sorts of eligibility tests that they might wish to carry out. It is interesting how Government Members have sought to categorise this as just further regulation when what we are really seeking to do on behalf of housing associations is ensure that they can carry out necessary checks to make sure that money is being used widely. At the risk of boring myself, I feel I have to reiterate, yet again, that the Opposition are not against the right to buy as a principle, we are simply deeply concerned and opposed to the way that this particular scheme is being rolled out with so little information in the public domain. As the amendment was largely probing, I beg to ask leave to withdraw it.

Amendment, by leave, withdrawn.

Clause 59, as amended, ordered to stand part of the Bill.

Clauses 60 and 61 ordered to stand part of the Bill.

Clause 62

PAYMENTS TO SECRETARY OF STATE

Mr Thomas: I beg to move amendment 186, in clause 62, page 26, line 7, at end insert—

“except in respect of a local housing authority within Greater London.

(1A) In respect of a local housing authority within Greater London the Mayor of London after consultation with the London Assembly may make a determination requiring the authority to make a payment to the Mayor in respect of a financial year.”

This clause would devolve to the Mayor of London after consultation with the Assembly, any requirements by housing authorities in London to make payments relating to the sale of high value Council housing.

The Chair: With this it will be convenient to discuss amendment 144, in clause 62, page 26, line 7, at end insert—

“(1A) Before making a determination under subsection (1) requiring a local housing authority within Greater London to make a payment, the Secretary of State must obtain the consent of the Mayor of London and the London Assembly.”

This amendment would require the Secretary of State to obtain the consent of the Mayor of London and the London Assembly before making a determination requiring a local housing authority in London to make a payment to the Secretary of State in respect of vacant high value housing.

Mr Thomas: The amendments represent a menu for localism in London. Amendment 186 seeks to devolve to the London Mayor and London Assembly the decision as to whether to require the forced sale of high-value council housing in a particular housing authority in London. Amendment 144 requires the specific consent

of the Mayor and Assembly before that happens. I table both amendments in the spirit of the scale of the housing crisis in London. The concern is that the Government have given up on trying to help those on low and middle incomes who cannot yet afford their aspiration to buy a home and we should ensure that they have the prospect of renting decent housing in London.

A series of housing experts have registered their concern about the forced sell-off of council housing across the country, but particularly in London. Shelter, in its report “The forced council home sell-off” from September 2015, estimated that almost 80,000 of the properties that would be lost from the social housing stock under the forced sale would be in the 20 most affected local authorities, of which half are in inner London. The top 20 councils that will be most impacted by the forced sales have, between them, plans to build some 20,390 homes. The policy will put many of those plans at risk. Several inner London councils, not least Islington and Southwark, have made clear their concern that the forced homes sell-off could end their new-build programmes entirely or, in the words of Southwark Council,

“drive a coach and horses”

through their house building plans.

4.30 pm

Why might councils be so worried about the policy? First, there is a concern that their ability to borrow will be seriously eroded, because lenders will have no confidence in the security of future revenue streams or the capital receipts that can sometimes help to build more homes. Ironically, existing council building programmes are often partly financed from the revenue that is projected from the sale of a small number of the most expensive council homes, but most of that new revenue will be seized by central Government to fund discounts through the new right-to-buy grants. There is also a concern that any new council homes risk being forcibly sold as soon as they are built, because they will initially be technically vacant. If that happens, there will no longer be an incentive for councils to build homes.

Across London, there is a need occasionally to regenerate areas of housing. In the Grange Farm estate in south Harrow in my constituency, the council has, quite rightly, been in conversation with the housing association's tenants about ways to redevelop and refurbish properties that are no longer fit for purpose, and, at the same time, to increase the number of housing units on the site. There is a risk that some of the properties on that site will have to be sold off to fund the housing association's right-to-buy scheme, which would put at risk the viability of the plan to rebuild the Grange Farm estate. London Councils has indicated its concern that other regeneration schemes across London may be substantially delayed, or entirely stopped, because of the loss of receipts from the forced sale of council housing.

There is also the concern, which we have touched on in earlier debates, about the reduction in social housing for rent that will result from the forced council house sell-off. We have discussed the average starting salaries for a series of key workers. Those are people who are doing the right thing. They want to serve their communities in the national health service, the police or schools. Their starting salaries are too low to enable them to buy

and sometimes too low to enable them to rent at market rates—or even at what the Government describe as affordable rates, which are some 80% of market rates—so it is hugely important that we continue to provide council housing at a social rent to help those key workers. It is also crucial to give some of the most vulnerable people in our communities access to decent housing.

One also worries about councils having to sell off specialist or sheltered housing. That calls to mind the issues raised in our earlier debate about excluding such housing from being sold off by housing associations. Similarly, councils will be forced to sell off properties that they have specially adapted for disabled people or properties that are being made available for sheltered housing, simply because they are deemed to be of a very high value and therefore need to be sold to fund the housing association discount.

The other proposed requirement to devolve the powers set out in clause 62 to the Mayor of London and the London Assembly is there simply because the housing crisis is so severe in London. It is set to get worse, with an extra 100,000 people a year coming to London, looking for property and putting ever-upward pressure on rents.

In an earlier debate, I said that alternative proposals have been suggested to the Government about how to fund the housing association right to buy that do not involve the forced sale of council homes. As I have indicated, one of them is the proposal from the current Mayor of London, the hon. Member for Uxbridge and South Ruislip (Boris Johnson), and the former head of the civil service, Lord Kerslake, for an extension of the Government's equity scheme. I wonder why the Minister is not willing to contemplate such an extension of that scheme.

In addition, the Local Government Association suggested that the housing association right to buy might be fundable by the housing association itself, through making more brownfield or public land available for release. The LGA is currently controlled by the Conservatives and therefore it is surprising that the Minister should reject such a reasonable request from one of his own.

Lastly, Labour MPs are committed to the Government's localism agenda. Many of us want substantially more devolution to London. Surely the Minister has confidence in the hon. Member for Richmond Park (Zac Goldsmith) as the Conservative candidate for Mayor of London. One wonders why the Minister is not willing to give the hon. Gentleman the opportunity, if he is elected, to make the decision about whether to implement the forced council homes sell-off.

Brandon Lewis: As we know, amendment 186 would amend clause 62 to provide for the Mayor of London, after consultation with the London Assembly, to make a determination that would require London boroughs to make the payment of receipts raised by the sale of high-value assets to the Mayor for each financial year.

Amendment 144 would require the Secretary of State to seek the consent of the Mayor of London and the London Assembly before a determination for each local authority's payment is sent to the local authority.

I will go through the potential impact of the amendments separately. The first would amount to a London ring fence—that is clear from what has been outlined. We have

[Brandon Lewis]

also been clear from the start that our manifesto commitment on extending right-to-buy discounts to housing association tenants will apply across England. To enable that to happen, we will need to ensure that all receipts generated from the sale of high-value assets are used across the country.

During the debate on Second Reading, I listened to a number of hon. Members who represent seats in London. Their contributions rightly stressed the importance of housing in London. The current Mayor has been focused on that, and I share his determination to deliver homes for Londoners. That is why I am working closely with my hon. Friends—for example, my hon. Friends the Members for Richmond Park and for Wimbledon—to ensure that we are able to secure a sensible approach to delivering the housing that London needs. My hon. Friend the Member for Richmond Park outlined that very clearly and passionately on Second Reading. My hon. Friends recognise the importance of our meeting the manifesto commitment, which is exactly what people elected the Government to do. I recognise the importance of working with my hon. Friends, the local authorities and indeed the LGA more widely.

That leads me to the point of the second amendment, which would give the Mayor and the Assembly the ability to block the Secretary of State from making a determination in respect of London local authorities. Effectively, it would be a right of veto over the Government's implementation of policy that was contained in our manifesto. I have the utmost respect for the current Mayor and for my hon. Friend the Member for Richmond Park—the next Conservative Mayor of London. Let us be clear: neither of them has expressed any interest in the Mayor or the London Assembly having any such power. I can only see this as mischief-making on the part of the Opposition.

Mr Thomas: I trust that the Minister will answer the question I posed about why he is not interested in the proposal of the hon. Member for Uxbridge and South Ruislip for an extension of the Chancellor's equity release scheme to fund the housing association sell-off, which would obviate the need for the forced sale of council homes.

Brandon Lewis: I will carry on focusing on the amendment that the hon. Gentleman has been speaking to. It would not only add an additional bureaucratic step to the process, but would mean that we want to give those bodies the ability to frustrate the Government in delivering an election mandate, which is something that I am sure the hon. Gentleman would not want to encourage anybody to do. I certainly know that my hon. Friends are not trying to do that.

As provided for in clause 62, all local authorities will be consulted on any draft determination before it is finalised, either on an individual basis or through their representative body. The details of determinations for a London local authority do not require the scrutiny of the Mayor or the London Assembly. Housing that is excluded will be set out in secondary legislation. The Department is engaging widely with local authorities and other stakeholders. Indeed, I met the leader of Harrow Council just last week along with others from across the parties. No decisions have been made yet

about types of housing that could be excluded or cases when housing would not be considered as becoming vacant.

As part of our process of updating data on local authority stock, we are collecting information on the purpose of the stock held in order to understand more about the types of housing that the local authorities own. That will inform decisions on housing that will be excluded from this chapter. I welcome the thoughts of the Committee on what housing to consider excluding, and I am fully committed to finding an outcome for London that ensures that more homes are delivered. That is very much the focus of the current Mayor of London, my hon. Friend the Member for Uxbridge and South Ruislip, and, indeed, of my hon. Friend the Member for Richmond Park. I will continue to work with all parties to achieve that.

I put on the record my thanks to the GLA and the London boroughs, across parties, for their ongoing engagement with me and my Department. I recognise the importance of ensuring that London local authorities play a key part in the process, which the amendments would frustrate. I hope the hon. Gentleman withdraws the amendment.

Mr Thomas: I note that the Minister failed to deal with the issue of alternatives that would obviate the need for the forced sale of council homes. I am disappointed that he is not willing to reflect on the proposals of the hon. Member for Uxbridge and South Ruislip, of the noble Lord Kerslake or, indeed, of the Local Government Association as to how the housing association sell-off might be financed. The amendments were tabled in the spirit of the concern that every right-to-buy sale and, therefore, every sale of a council property, has not led to a like-for-like replacement. I mention again, in passing, Shelter's figure that only one in nine properties sold under the right to buy have been replaced with a new start on site.

Brandon Lewis: I am sure the hon. Gentleman was almost waiting, knowing that I would want to intervene. I remind him again, as I did earlier, that Shelter's figures do not give a direct relationship. Actually, the numbers in London are almost two for one, taking account of the fact that local authorities have three years to build those extra homes.

Mr Thomas: I simply look at the overall figures for the right to buy—the scale of the difference between the number of right-to-buy sales since 2012-13, and the number of starts on site and acquisitions. There is a huge gap between those figures. If the Government were to achieve their current ambition of a one-for-one replacement, there would need to be some 22,000 starts or acquisitions by the end of 2017 to match the sale of council homes since 2012-13. That is equivalent to 2,300 per quarter. In the first quarter of 2015-16, there were just 307 starts, which suggests that we are some way from achieving even the Government's target of one-for-one replacement. With that scepticism in mind, I cannot, sadly, accept the Minister's assurances on this occasion, and I intend to urge the Committee to support my amendment.

4.45 pm

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 11.

Division No. 8]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Hayes, Helen	Thomas, Mr Gareth
Morris, Grahame M.	

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Kennedy, Seema
Griffiths, Andrew	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

Question accordingly negatived.

Dr Blackman-Woods: I beg to move amendment 157, in clause 62, page 26, line 11, at end insert—

“(2A) The total payment required from all affected local authorities in any financial year shall not exceed the total grant paid in that year to private registered providers in respect of right to buy discounts.”

This amendment would avoid powers being used as a general means of taxing councils and tenants for the benefit of the Exchequer.

The Chair: With this it will be convenient to discuss amendment 158, in clause 62, page 26, line 11, at end insert—

“(2B) The costs and deductions referred to in section 62(2)(b) must include an estimate of the cost of replacing each high value dwelling sold with a dwelling with the same number of bedrooms in the same local authority area.”

This amendment would allow for one-for-one local replacement.

Dr Blackman-Woods: Labour Members think that clauses 62 to 72 contain some of the worst aspects of the Bill. We are certainly interested to hear from the Minister whether he thinks it is localist to insist that local authorities sell off their high-value council housing in order to pay for the right to buy scheme, which, as a number of Committee members will know, is seen out in the real world largely as the forced sale of council housing. We seek in this amendment and others to require the Government to ensure that no more demands than absolutely necessary are placed on local authorities to fund the right to buy.

We have many concerns about how such homes will be replaced, and about how the Government will estimate the income that they will require local authorities to pay. I wondered last year, when the Government produced a consultation paper on transparency in social housing assets value, what they had in mind. It seemed not a bad thing on the face of it to have some information about the value of assets in the social housing sector.

However, when the consultation paper was issued and when the Government published their response in November 2014, it was not immediately apparent what they had in mind, because a number of local authorities that responded said, “Yes, we think it’s a fairly good idea that we get some information about the value of our assets. We already do this partly,” or “We already do this sometimes, internally; why do the Government want us to do this so immediately—by April 2015—without

giving us adequate time to put a proper valuation system in place? Indeed, why is it restricted to authorities that have a housing revenue account?” I could go on. As I said, people were not necessarily against having some say that would put a valuation on council stock, but it was not apparent to a lot of people who were responding to the consultation why that information would be needed in the way that it was requested by the Government or in the particular timeframe.

I raised that at the beginning because it means that, somewhere along the line, for one reason or another, the Government thought about the value of local authority stock and, perhaps, what it could be used for. It is interesting that a number of the comments that came forward eventually into the Conservative party manifesto said that, under the consultation—and, indeed, more widely—it was seeking to question the efficiency of the use of council stock. This high-value housing was being used to support and house poor families, which perhaps was not an efficient use of council housing stock. I am paraphrasing, and trying to describe the intention to the Committee. If Government Members want to correct me on that supposition, I am happy to take interventions, but outside that supposition I am not sure what is meant by “efficiency”.

What came forward from the Conservative party manifesto was that there would be a question about whether using high-value housing stock with a social rent attached to it to house people who were desperately in need of affordable social housing was the most efficient use. The Conservative view was that the housing could be sold off to fund a right to buy; that, regardless of whether it was going to be sold or not, a levy would then be attached to it; that local authorities, regardless of whether they were able, or wished, to sell the property and remove it from the housing stock, would have to do so; and that the estimate of income would be applied. That is one of the things we find most difficult about the clause. That is why we have tabled amendments that would limit the circumstances when it could be applied but would ensure that, in addition to the cost of selling the stock, there would be an indication that the stock would be replaced in a similar way and in a similar area, so as not to remove from the stock of housing available to local authorities much needed social rented property, which is vital to house the most vulnerable in our communities.

We know that, under clause 62, the Secretary of State may make a determination that requires local authorities to make payment to the Exchequer based on an estimate of how much high-value housing the local authority expects to become vacant in the upcoming financial year. That is what we are seeking to address with our amendment. We already know that the Minister has no definite information about the number of high-value housing units that will become vacant in the coming years. We know that because we do not know how much high-value housing there is. It is difficult to determine how much high-value housing will become vacant if we do not know how much high-value housing there is in the first place. We do not know a great deal about either of those things.

We do think that the numbers of vacant properties that come forward will be much more limited than the Minister has perhaps estimated. That means that payments

[Dr Blackman-Woods]

to the Secretary of State may in fact be higher than the total grant paid in that year to private registered providers in respect of right-to-buy discounts.

Matthew Pennycook (Greenwich and Woolwich) (Lab): I asked my local authority for an estimate of how many expensive council homes would become vacant each year, and the estimate that it gave me was 19. That puts the matter in context. If they are not available in a borough such as mine in inner London, in parts of which the land and house prices are rising very rapidly, it will be a case of being forced to fall back on a more direct levy on local authorities.

Dr Blackman-Woods: My hon. Friend makes a vital point and helps to emphasise what Opposition Members are saying, which is that we have grave concerns about how the estimate will work in practice. It could bear no relation to reality whatever. I would have thought that it was very important for the Minister to have a much clearer idea of the number of homes that will become vacant and the amount of money that will be attached to them. In fact, we seem to be hearing—my hon. Friend has just made this point very well—that the numbers of vacant properties coming forward that are deemed to be of high value, however that is to be determined, are in fact limited.

Savills, the property adviser, estimates that the Government are likely to raise only £3.2 billion a year from 5,500 council home sales. Savills says that that is

well below the projection made by the Conservative party of £4.5 billion in receipts a year from 15,000 sales. As we can see, that is quite a discrepancy in terms not only of the numbers of homes that will become available under the clause, but of the amount of money that will be raised.

Amendment 157 is designed to ensure that local authorities do not lose out and, ultimately, to ensure that the powers given to the Secretary of State in clause 62 are not used as a power of general taxation. We feel that that might be the case if the estimate bears no relation to reality—a levy might simply be placed on local authorities that have council housing stock. We are deeply concerned about what the measure might mean, and not only in terms of loss of stock if local authorities do sell the homes. We think that, whether they decide to sell the homes or not, they will not raise the amount of money that the Government thinks they should and therefore that a levy will be applied to them. That could be instead of selling the homes, but it is more likely that it would be in addition to that.

The Chair: I intend to suspend the sitting at 5 pm to accommodate an Opposition briefing on Syria. There will potentially be votes at 6 pm, followed by a Government briefing on Syria, so the sitting will be suspended until 7.15 pm to accommodate also time for supper.

5 pm

Sitting suspended.

[Continued in column 435]