

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### HOUSING AND PLANNING BILL

*Eleventh Sitting*

*Tuesday 1 December 2015*

*(Afternoon)*

*[Part II]*

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CLAUSES 62 TO 70 agreed to.

CLAUSE 71, as amended, agreed to.

CLAUSES 72 AND 73 agreed to.

Written evidence reported to the House.

Adjourned till Thursday 3 December at half-past Eleven o'clock.

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**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)   | † <b>attended the Committee</b>                               |
| † Jones, Mr Marcus ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> ) |   |
| † Kennedy, Seema ( <i>South Ribble</i> ) (Con)  |   |

## Public Bill Committee

Tuesday 1 December 2015

(Afternoon)

[Part II]

[MR JAMES GRAY *in the Chair*]

### Housing and Planning Bill

[Continuation from column 434]

7.15 pm

*On resuming—*

**Brandon Lewis:** It is a pleasure to be back with you and my colleagues in Committee this evening, Mr Gray.

As a brief refresher, amendment 157 would amend clause 62 by stipulating that the total payments from local authorities would not exceed the funding that housing associations are paid for the right-to-buy discount. Amendment 158 would provide for every local authority's payment under clause 62 to be reduced by an amount representing the estimated cost of replacing each high-value dwelling sold with a dwelling located in the same local authority area, and comprising the same number of bedrooms as the one sold.

I hope I will not try the Committee's patience too much if I make a point that I suspect I shall make more than once this evening and over the next few days. We have made it clear from the outset with the publication of our manifesto that two intentions underpin the sale of high-value assets. The first is to ensure that local authorities make more efficient use of their stock, and that in doing so they free up resources to deliver additional homes. The second is to support home ownership through the use of a proportion of the receipt in funding the discount for the right to buy for housing association tenants.

There is no intention to use the funding for other purposes, and given the high demand that we anticipate from housing association tenants to take up our offer of home ownership—I saw something of that last week, as people are already registering for the pilots—the payment from local authorities will be put to good use in support of the endeavour.

We are engaging with local authorities and are in the process of updating data that will be used to help inform the high value threshold. That in itself will also determine how much individual councils will need to pay. That data collection includes information on the vacant possession market value of the stock that each local authority holds. We are also updating the market value survey.

**Peter Dowd (Bootle) (Lab):** Where a local authority such as mine has no council housing, and therefore has no high-value council housing, what would its role be in putting something into the fund?

**Brandon Lewis:** I think the hon. Gentleman has effectively answered the question, if it does not have council housing stock. That is partly why, as I said when we debated earlier clauses, the matter of high-value assets is about making sure we fund the scheme for England.

Amendment 158 would require funding for a property with the same number of bedrooms as the vacant high-value house that was being sold to be included in a calculation of the payment from local authorities. We are committed to using a proportion of the receipts from the sale of high-value homes to fund new housing. Clause 67 provides that by agreement we will allow councils to retain a proportion of their receipts to fund new homes. However, where an agreement is entered into, I want local authorities to have discretion about how they use their portion of the receipts to fund new housing, to meet the needs of their community. I hope for those reasons that the hon. Member for City of Durham will withdraw the amendment.

**Dr Blackman-Woods:** It is indeed a pleasure to be back here this evening. I am not sure whether what the Minister has said alleviates our concerns about the way in which councils are being forced to sell high-value housing stock to pay for the right to buy. Indeed, the Minister appears to have confirmed that no real details about the operation of the scheme have been ironed out. We will continue to have concerns about the clauses but I want to reflect further on what the Minister said and what information local authorities are bringing to Committee, and on that basis I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Dr Blackman-Woods:** I beg to move amendment 159, in clause 62, page 26, line 25, at end insert—

“( ) Regulations under subsection (8) may not define a dwelling as ‘high value’ if its sale value is less than the cost of rebuilding it and providing a replacement dwelling with the same number of bedrooms in the same local authority area.”

*This amendment would prevent dwellings being defined as “high value” if the cost of its replacement on a like-for-like basis in the same local authority area exceeds the receipt of sale.*

**The Chair:** With this it will be convenient to discuss amendment 160, in clause 62, page 26, line 25, at end insert—

“( ) The definition of “high value” must be based on the housing market within the local authority.”

**Dr Blackman-Woods:** The amendment would ensure that regulations made under subsection (8) may not define a dwelling as “high value” if its sale value is less than the cost of rebuilding it and providing a replacement dwelling with the same number of bedrooms in the same local authority area. This goes back to an issue that we raised earlier. We have grave concerns about not only why the Government are selling off high-value council housing, but the fact that they seek to do so at all. It would be interesting to hear from the Minister why he thinks it is not an efficient use of high-value stock to house needy people, because I do not think we got to the bottom of that in our previous discussion.

The amendment seeks to ensure that a property cannot be deemed high value if the cost of replacing it is higher than the cost of selling it. It would not be a good use of

public resources to sell off council houses that are meeting a great need in the area, and then have to expend yet more public money to rebuild the house that has just been sold off in the same area in order to continue to meet housing need.

Of course, the Minister might have no intention that councils should be able to replace the housing lost through the sale of vacant high-value housing, in which case it would be useful to hear that from him. He said that councils could use a proportion of the stock—well, what proportion? What sort of replacement does he think would be appropriate? The nub of the amendment is this: if these homes are really expensive to replace, why would the council sell them off? That is simply not a good use of resources.

**Chris Philp** (Croydon South) (Con): The hon. Lady asked what the purpose is of selling high-value council housing. I can put it this way: I used to be a councillor in the London Borough of Camden, which had mansion flats in Bloomsbury valued at the time at well over £1 million—probably now closer to £2 million—one of which was occupied by the former Member for Holborn and St Pancras, Frank Dobson. Were those to be sold off, five or six other units could be built elsewhere in Camden or a neighbouring borough, which would dramatically increase housing supply. It is not a good use of public money to have so much cash tied up in one very expensive housing unit.

**Dr Blackman-Woods:** That might be the hon. Gentleman's view, but that property is then no longer available in that particular area for someone who is needy. We are concerned—some of our later amendments will get on to this—that what will be happening under the operation of this clause is a form of social cleansing, whereby high-value social housing with needy and poor tenants in it will be sold off and not replaced in the same area. It might be replaced in another part of the borough or elsewhere. That is not an efficient use of resources. If a property is giving a good home to people in an area where they were perhaps born or brought up, that is a perfectly acceptable use of a public asset. If, however, the council decides to do something with its vacant stock and then invests locally and ensures the provision goes through a process of consultation with the local community, so that people are comfortable with selling off high-value stock in order for money to be reinvested in more social housing locally, that is quite a different story, but that is not what we are hearing in this clause.

**Mr Bacon:** My local authority, South Norfolk, is a Conservative authority where, the hon. Lady may be sad to know, there are no Labour councillors at all. However, she may be interested to know that when I was first elected, the current hon. Member for Cambridge (Daniel Zeichner) was a Labour councillor there. We got rid of him from Norfolk, I am afraid—for him.

My council, which is a Conservative council, is setting up development companies and using its receipts from the new homes bonus—it is one of the top five in the country—to build council housing for rent. It is building houses for sale and commercial property for revenue. Last year, 0.8% of the national house build happened in South Norfolk. Why are other local authorities not being that dynamic and innovative when they could be?

**Dr Blackman-Woods:** Land values and the amount of money that can be raised by selling stock vary across the country. There are not uniform valuations throughout the country. Some councils, as the hon. Gentleman will be only too aware, have received many more cuts from this Government than others have. It is simply impossible for the most needy councils, such as my authority in Durham, which has had absolutely massive cuts to its budget—I think they are at around 40% at the moment—to build on the scale that is needed.

**Brandon Lewis** *rose*—

**Dr Blackman-Woods:** I will give way to the Minister and I will come back to his hon. Friend.

**Brandon Lewis:** The hon. Lady is talking about situations such as that of her own council. My hon. Friend the Member for South Norfolk made a good point about what councils can do. Maybe the hon. Lady would like to talk to her council—perhaps, instead of spending tens of millions of pounds on new council offices, it could build some new houses.

**The Chair:** Order. The amendment is about defining a dwelling as high value. We have deviated quite substantially from that. Perhaps the hon. Lady might return to it.

**Dr Blackman-Woods:** Thank you, Mr Gray, but if we are talking about efficient use of assets, it is my understanding that the council is trying to sell off the land for housing and get a big capital receipt in order to move to new, more efficient offices and have money to invest in local communities. It is actually doing a sensible thing. However, I will get back to the amendment.

**Mr Jackson:** Will the hon. Lady give way?

**Dr Blackman-Woods:** May I finish dealing with the last intervention but one? We should be encouraging councils, where it is possible, to manage their assets well and invest in new housing, including new social housing for rent. I am not sure that this clause makes it easier for them to do so.

**Mr Jackson:** The logic of the hon. Lady's argument is that taxpayers in different parts of London and the home counties should be contributing their tax revenue to support the decision of people on benefits, such as housing benefit, in somewhere like Camden; but that capital value, which my hon. Friend the Member for Croydon South mentioned, is locked up and not producing any new capital expenditure for new homes. That is the logic of the hon. Lady's argument. Surely it is better to release that capital and create more homes. This is an issue of social equity and plain common sense.

**Dr Blackman-Woods:** Actually, the amendment would ensure that housing is not sold off if the cost of replacing it is higher. It is a very sensible amendment, which seeks to protect the public purse. It is perfectly possible, in London or elsewhere, that a property could be deemed to be high value, although we are not exactly clear how that will happen at this point in time. I am sure that at

[*Dr Blackman-Woods*]

some stage in the future we will understand the process for that. A house or flat could be deemed to be of high value at, for example, £120,000 if it is outside London, and about 10 times that if it is in London. However, the cost of replacing that home could be £150,000. That would clearly be ridiculous and a waste of public money.

All the amendment says—it is quite a modest little amendment—is that if the cost of replacing the home is higher than what the home is valued at, it should not be considered as a high-value property and so it should not be subject to the provisions of the clause.

7.30 pm

**Mr Bacon:** That presupposes that the local authority selling a high-value property—for example, a £1 million flat of the kind that my hon. Friend was talking about—would then choose to try to construct one further £1 million flat in the same location. No council that was sentient would act in that way.

**Dr Blackman-Woods:** Ah, but you see, they do not. If they do not, what happens is that, as I described earlier, social houses for rent are removed from that particular locality. That is why we think this is a pretty nonsensical set of clauses.

**Mr Bacon:** If the council, the local authority, takes that high-value capital receipt, it would be able to generate other properties from it. This should all be about the husbandry of resources—I have never quite understood why it is not the wifery of resources, but let us leave that gender bias point aside. And if that council so wished, there is nothing in law to prevent it doing so through the establishment and growth of a mutual housing co-operative, which would be completely exempt from the Bill.

**Dr Blackman-Woods:** The hon. Gentleman makes an interesting point. Labour Members are not against local authorities making sensible decisions about their assets. Should they choose to sell some high-value assets after a consultation process with their local community, and if they are able to replace houses for social rent within the same area and replace more of them, that seems to us to be probably a sensible approach to take.

However, that is not what the clauses in this chapter of the Bill would do. They would force councils to sell off vacant high-value housing. In fact, it is much worse than that: the clauses assume that councils will sell off a certain number of properties at a certain price, whether or not that is the right price and whether or not they are actually sold off, and the clauses apply a levy that the councils will have to pay. It is actually a form of taxation on local councils and it is happening without any consultation with local residents. Our argument against these clauses is that we oppose the forced sale of council housing. There is nothing localist about it.

Turning to amendment 160, there is real concern about the definition of high value. I would be interested to hear more from the Minister on this. I know that he has just said that he is consulting with local authorities about the definition of high value and how it relates specifically to their areas. That means that at the moment

we have no idea what high value is in any particular area and how much money the Government think will accrue from this policy.

As I said earlier, the Chartered Institute of Housing and others have expressed real concern that the Government's expectations of what can be delivered through these provisions is much, much too high. First, they have vastly overestimated the number of homes that become vacant in the category of high value, however it might be set within any local authority area. Therefore, the amount of money that can be raised from the sale will be much lower than they suggest. Also, the levy that they apply to the local authority might be totally unreasonable and based on an estimate that is not grounded in any sort of reality.

Perhaps the Minister, at this late hour, could reassure us that great care will be taken in assessing high value, that it will relate to local housing market conditions—the conditions as they apply in particular areas—and that councils will not be forced to sell off stock that is deemed to be high value only to find that they have to pay much more to replace it.

**Brandon Lewis:** I am slightly baffled by the Opposition's confusion about what an empty property is. One thing I can say to the hon. Lady up front is that obviously a high-value property is for sale when that property is vacant, so it is when someone has already moved out of it. I have spoken to local authority leaders, including Labour leaders in London, who have given examples of where they actually think that is good practice, because they themselves have sold a property for between half a million and three quarters of a million pounds and then used that money to build two or three properties in its place. That is in London. Indeed, in Peckham in the past few weeks, a council prefab shed that was empty was auctioned for just under £1 million. I am pretty sure that anyone who looks that up will take the view that a good use of that money is not to have a £1 million, prefabricated, very old—1960s—bungalow, but to use the money to provide several homes for people in London who need a home. That is simply good practice. When there is an increased need for housing across the country, it makes no sense for a local authority to keep hold of high-value vacant council homes when they can sell them to fund the building of new homes that meet housing need and support people into home ownership.

This chapter of the Bill is about making the most effective use of assets. It supports effective local asset management, which is already encouraged through self-financing. Clause 67 demonstrates our commitment as a Government to localism, enabling local authorities to lead on the supply of housing through agreements; that was clear in our manifesto.

Amendment 159 would amend clause 62 by providing in the Bill for regulations that mean that we may not define a house as high value

“if its...value is less than the cost of...a replacement”

of the same size. Amendment 160 would require the definition of high value to be based on the housing market in the local authority area.

The thresholds that determine which dwellings are high value will be set in due course and informed by the data currently being collected through a market value survey. That is assessing values of both market and

social homes at open market value. We are also collecting data from local authorities about their current stock. We will look at the data carefully, and it would be wrong of me to anticipate at this stage what the data may show and to make uninformed decisions about exactly where to set those thresholds.

I am not sure exactly what is meant by the phrase “housing markets”. It could be argued that those will be much wider than just a local authority area. Indeed, it could be argued that there are housing markets within local authority areas that are also very variable. As I have explained, the threshold for high value will be set while having regard to the outcome of the current data collection. I do not want to pre-empt that outcome and I do not want to be tied into a complex way of assessing high value. That is why I ask the hon. Lady to withdraw the amendment.

**Dr Blackman-Woods:** I have heard what the Minister has to say, but it prompts the question why the Conservative party published in April 2015 a table, taken up by *Inside Housing* magazine, that broke down what it thought was high value in each area of the country. That is broken down by region, so for example in my region, a four-bedroom property is apparently high value if it is at £250,000. I do not actually know of any four-bedroom council houses that would attract £250,000 anywhere in the north-east. That raises a question about the status of that table. Perhaps at a later date we can come back to that and to how it was constructed.

I am not convinced at all by what the Minister has to say, but I will go away and look at some of the details underpinning these clauses. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Helen Hayes (Dulwich and West Norwood) (Lab):** I beg to move amendment 189, in clause 62, page 26, line 25, at end insert—

“(10) Existing Tenant Management Organisations (as defined by The Housing (Right to Manage) Regulations 1994), that also fulfil the definition of a community-led organisation as defined at Schedule ([New Schedule 1: community-led housing schemes]), will retain the benefit of right to buy and high value sales, provided it is invested in new housing.”

*This amendment would allow community-led organisations to keep right to buy and high values sales income, conditional on the income being re-invested in new homes.*

I draw hon. Members’ attention to my entry in the Register of Members’ Financial Interests. I am still a councillor in the London Borough of Southwark and, as a councillor there, I have seen the excellent work of the Leathermarket Joint Management Board, which manages 1,100 tenanted homes and 400 leasehold properties. It was formed in the late 1990s and operates under a management agreement with Southwark Council, its landlord. It has to hold a continuation ballot every five years and in the last ballot 78% of tenants voted, with 92% expressing their support for the JMB’s continuing to provide their local housing services.

JMB has used to good effect the opportunities afforded by the Localism Act 2011. It has mobilised local leadership, resources and energy. In particular it has used the housing revenue account self-financing provisions to become this country’s only self-financing tenant management organisation. It is one of the best social

housing organisations on rent collection and re-letting empty homes. It has used the community right to build provisions to start new build programmes.

Thanks to its local identity and focus, it is uniquely able to deliver new homes for local people. The Leathermarket JMB is a beacon of localism, innovation and resident-led leadership. It was celebrated by two Ministers who visited the JMB in the previous Parliament. It has set out a 30-year business plan for its finances, major works and the provision of new homes.

Because it is trusted and local it can unlock hidden home sites that would not be available to other external providers. For example, it currently has a planning application for 27 new homes on a garage site on the Kipling estate. Further plans include 30 homes on the site of its own offices, 35 homes on the site of an old nursery and 120 homes to replace 41 flats built in the late 1960s using non-traditional building techniques, which are reaching the end of their life. Many of the residents in that block are elderly and will only move locally within the JMB area.

In the case of the Leathermarket JMB, it will be for the local council, Southwark, to define the high-value assets that will be sold. The JMB has a void turnaround of around 4% per year. Its unusual status means that under the provisions currently set out in the Bill, it will lose the income that stems from those homes but it will not benefit from the receipts. In addition to the rental income lost as a result of the 1% cut in rents, without the Government making up the shortfall, this will have a significant impact on the ability of the Leathermarket JMB to deliver new homes and to play the valuable and highly valued role that it does in providing local housing services.

The right to buy enforced sale provisions in the Bill will make it harder for organisations, such as Leathermarket JMB, that are at the forefront of innovation and housing delivery to make the fullest contribution possible to addressing the housing crisis. The amendment simply seeks to ensure that they are protected and able to continue to do so.

**Brandon Lewis:** Amendment 189 would amend clause 62 by stipulating that tenant management organisations that are also community-led should be able to retain receipts of high-value assets, conditional on those being reinvested in housing.

It is worth bearing in mind that, under a formula approach, local housing authorities will have discretion not to sell specific properties. More generally, the amendment is a bit of a muddle.

If we were to accept the new schedule, which we are not minded to do, tenant management organisations that are also community-led, as defined under the new schedule, would not be captured by clause 62 anyway. New schedule 1 defines those organisations as body corporate organisations. Therefore, any housing owned or developed by such organisations would not be owned by a local housing authority and, as such, would not fall within the scope of the clause.

As I said, we are not minded to accept the proposals under new schedule 1, so I hope that the hon. Lady will withdraw the amendment.

**Helen Hayes:** I thank the Minister for his response, but I am concerned. In boroughs such as the two that I represent—Lambeth and Southwark—we need to draw on every possible source of new build homes in order to address the housing crisis. Organisations such as the Leathermarket JMB play a valuable role, which could be compromised as a consequence of the Bill. I would like to return to the issue, to see whether there are other ways to resolve it, in order to place such organisations on a firmer footing. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 62 ordered to stand part of the Bill.*

### Clause 63

#### HOUSING TO BE TAKEN INTO ACCOUNT

7.45 pm

**The Chair:** We now come to amendment 90, with which it would have been convenient to consider amendment 91, but the hon. Member for Harrow West is not present and therefore amendment 90 is not moved. Before anybody makes any rude remarks from the Back Benches, Mr Thomas has had to return home because of an illness in the family.

We now come to amendment 96, with which it would have been convenient to consider amendment 145; again, amendment 96 is not moved.

**Dr Blackman-Woods:** I beg to move amendment 162, in clause 63, page 26, line 37, at end insert “for a period of no more than 5 years after the housing has been transferred to a private registered provider of social housing”

*This amendment would limit the amount of time during which the Secretary of State could take into account transferred stock when making a determination.*

The amendment seeks to elicit, if possible, some information from the Minister about how stock transfers will be dealt with. We are keen to know, when there is a large voluntary transfer of council stock to a housing association, at what stage those properties will no longer be deemed to be council housing and therefore subject to the forced sale of high-value stock. If they are deemed to be council stock, how long will that be for? The amendment seeks to probe whether the Minister has any thoughts whatever on this. Is a five-year period reasonable? Should it be lower or higher than five years? Should it be there at all? It is straightforwardly seeking a bit more information about how this system of forced sale of council housing will work in practice.

**Brandon Lewis:** First, I want to reassure the hon. Lady that the provisions in this chapter are not intended to prevent stock transfer by a local authority. There have been many successful transfers over the years, as she will know. However, it is right that the Secretary of State should be able to continue to take into account housing stock that has been subject to transfer when determining the payment to be made by local authorities. We need to ensure that local authorities do not attempt to avoid selling their vacant high-value housing by selling it to a new provider. When there is a need for more housing, it is vital that we unlock the value of

vacant high-value houses in order to fund the building of the additional homes we can give people the chance to live in.

It is unclear how many local authorities will wish to explore housing stock transfers in future. We recognise the need to balance various local factors, including the need for a comprehensive financial appraisal and the views, very importantly, of tenants. By putting clause 63(3) in legislation we have made the Government’s position clear to all parties. While we do not wish to prevent stock transfers, I would not want to end up with restricted provision of the sort that is proposed here—I appreciate that this is a probing amendment. However, I reassure the hon. Lady that I will consider, on a case-by-case basis, the implications that the chapter will have for possible stock transfers. Additionally, the Government will engage with any authorities that are considering a transfer as early in the process as possible. I hope that the hon. Lady will be able to withdraw the amendment.

**Dr Blackman-Woods:** I think that, by the standards we have been dealing with today, that was a very helpful response. I look forward to seeing what the Minister brings forward in terms of a limit, perhaps, to the time in which housing can be sold off as if it were council housing after a voluntary transfer. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Dr Blackman-Woods:** I beg to move amendment 163, in clause 63, page 26, line 39, at end insert—

“( ) Regulations shall provide that housing shall be excluded where a vacancy has occurred as a result of the transfer of the former tenant to alternative accommodation in the social rented sector, where accommodation in the social rented sector means any accommodation owned or let by a local authority or other registered provider of social housing.”

**The Chair:** With this it will be convenient to discuss amendment 164, in clause 63, page 26, line 39, at end insert—

“( ) Regulations shall provide that housing shall be excluded where a vacancy has occurred as a result of the eviction of the former tenant from the relevant dwelling on account of anti-social behaviour caused by the tenant, or by a person residing in or visiting the relevant dwelling.

( ) In subsection ( ), ‘anti-social behaviour’ shall have the same meaning as in section 2 of the Anti-social Behaviour Crime and Policing Act 2014.”

*This amendment would exclude from the estimate of high value housing properties that become vacant due to anti-social behaviour evictions.*

**Dr Blackman-Woods:** The amendments seek to exclude houses from being deemed as high value when a vacancy occurs under certain circumstances. I will deal with amendment 164 first, then speak to amendment 163. With the two amendments, we are trying to check whether the Government have thought through some of the possible unintended consequences of the legislation. For example, councils, not wanting to create a vacancy, and in order to avoid losing the stock or being forced to sell it off, might not take the action that they needed to take to evict a person who had been involved in antisocial behaviour and so on.

The Government seem to be suggesting that we are just putting a lot of barriers up in the way of this particular policy, but Shelter and other organisations

are really concerned about how the policy will operate in practice. They have identified three unintended consequences, which they are requesting all of us in the Committee to consider very carefully: first, that councils may be deterred from using their stock efficiently; secondly, that they may keep tenants in homes that are too big or too small for them; and thirdly, that they may be deterred from evicting tenants guilty of antisocial behaviour. Clearly, we would wish to avoid that.

I am not clear from anything that I have seen written by the Minister or others that they have thought through such a possibility. This is largely a probing amendment, because we have so little detail about how the scheme would work in practice. It is very important that we get some information; 7% of vacancies last year occurred because the previous tenant was evicted for rent arrears, antisocial behaviour, a breach of contract or something of that nature, so this is not an insignificant issue. If we really are seeking to ensure that more stock is not lost than is absolutely necessary, it is incumbent on us all to get an answer to this specific issue.

Turning to amendment 163, we are worried that an unintended consequence of the legislation would be that councils would be very reluctant to support tenants transferring within their property, to another registered provider, or to a local authority if that meant that the property, once it became vacant, would be subject to being sold off through the provisions in this clause and in clause 62 or, worse still, would simply be adding to the levy, because it is a vacancy that will be placed on the local authority itself.

We have already looked at this in some detail, and we know that demand for social rented housing massively outstrips supply. As of 2014, there were 344,294 households on a local authority housing waiting list in London. The figure in Yorkshire and the Humber was 236,000, and average house prices in that region, which is not the most expensive in the country by any means, are 4.8 times median earnings. In the south-east there are 235,000 people on a local authority housing waiting list, and in England there are about 1.7 million households on such a list. I thought it was important to explain to Conservative Members that that is why we are so concerned about the loss of social rented housing stock that the Bill would cause and the lack of a one-for-one, like-for-like replacement in the same tenure. That matters, because unless there is a replacement in the same tenure or something very similar, the 1.7 million households on council waiting lists up and down the country will have little or no opportunity to get themselves decently housed.

**Mr Bacon:** I am with the hon. Lady on the fact that there is not enough housing in this country, and I am trying to do things about that. Surely, however, she cannot believe that 1.7 million people in this country are sofa surfing. South Norfolk Council looked carefully at its waiting list, which appeared to have 3,500 people on it. The council asked people about their status, and it turned out that many of them had somewhere to live but had kept their name on the list just in case. The number on the list is now 740. Does she recognise that the numbers are often inflated by local authorities—I am not making a party political point—notwithstanding that some of the figures are definitely correct, in order to make a point?

**Dr Blackman-Woods:** I could just as easily make the opposite argument and say that the figure is an underestimate of housing need in this country. A number of councils tell people how many households are on the housing waiting list and how long it is likely to take them to get a council house, if they ever get one. Those councils do their utmost to deter people from putting their name on the waiting list to begin with. All we can do is to use the available figures.

Whatever the hon. Gentleman says, there are a huge number of people—including a large number in my constituency—who will never get a council house at the rate at which they are being built at the moment. We want to ensure that more building takes place across all tenures. Given the current situation, it is extremely important to be very careful with the social housing stock that we already have, and that is the purpose of our amendments.

**Mr Bacon:** The hon. Lady says that all we can do is to take the numbers, but my point was that we should interrogate the numbers. I started my intervention by agreeing with her that we need more housing, but if she is right that many of those millions of people will never get housing under our current model, is that not the best evidence that we have a broken model and we need something new?

**Dr Blackman-Woods:** I do not think that the model will be helped by removing homes from what we all consider to be too low a proportion of social rented property. I do not see how reducing it further by selling off high-value council housing, or not replacing such housing lost through the right to buy, will help the people who rely on social housing.

8 pm

**Mr Bacon:** Will the hon. Lady give way?

**Dr Blackman-Woods:** I will give way in a moment or two, if the hon. Gentleman lets me finish this point. We are saying that social rented housing is a precious resource and we have to be extremely careful with it. If we get rid of it, it should be replaced on a one-for-one, like-for-like basis. What we want is much more building of council housing and other social rented housing in this country to meet identified need, and when developing their local plans, all councils should be planning to meet that need.

**Mr Bacon:** Of course it is a precious resource, but, as my hon. Friend the Member for Peterborough pointed out, the embedded capital that cannot be used to the maximum extent is also a precious resource. Surely the hon. Lady accepts that if we reached a point in this country where all the people who wanted to own their own home and to have a dwelling that they control succeeded in that aim, that would have an impact on the net—

**The Chair:** Order. We are drifting very wide of the amendment. Perhaps we could return to it.

**Dr Blackman-Woods:** Thank you, Mr Gray, for bringing us back to amendment 163.

[Dr Blackman-Woods]

I hope to hear from the Minister whether some of the possible unintended consequences have been thought through and what the Government intend to do to ensure that councils are not put off evicting people because of antisocial behaviour, or that they do not dissuade people from transferring between stock to protect the housing they already have for re-letting or, worse still, from having a levy attached to it.

**Brandon Lewis:** I have made it clear several times that we are collecting data from councils about their high-value stock, and that is what the Government's policy will be informed by. When we have the data, we intend to publish it.

The amendments seek to exclude various categories, as the hon. Lady outlined. Amendment 163 would exclude properties that have become vacant because of tenant transfers to another social rented home, and amendment 164 would exclude properties that had become vacant as a result of eviction for antisocial behaviour. It is absolutely right that local authorities should address housing needs at local level. I also want to make it clear that when there is an increased need for housing across our country, it makes no sense for local authorities to keep hold of high-value council houses.

Selling high-value, vacant council houses will mean that more money is available to increase the overall housing supply in our country. Any possible exemptions from the policy therefore need to be carefully balanced against the need to drive up housing supply and home ownership. We must not lose sight of the fact that under our formula approach, local authorities will have some discretion. Provided they make the payment specified in the determination, they will be able to retain individual vacant properties if they choose to do so.

No decisions have yet been made on what categories of housing will be excluded from the payment under the regulation-making powers in clause 63 or indeed clause 72, but I assure the hon. Lady that my Department is engaging widely with local authorities. Just a few days ago, I met cross-party local authorities and other stakeholders to discuss the policy. Various suggestions have been made for possible exemptions, which we will consider carefully. In addition, we are in the process of collecting the data from local authorities, which will be used to inform some aspects of the policy, including any exemptions. In the meantime, I welcome the Committee's views in helping us to identify the types of housing that may be exempted, but I hope the hon. Lady will withdraw her amendment.

**Dr Blackman-Woods:** I am pleased to hear that there is some dialogue with local authorities about how to make the scheme work better in practice than it seemed it would at the outset. I am not sure to what extent local authorities will be pleased to have the discretion to pay the levy whether or not they sell off stock, but perhaps we could return to that later. Bearing in mind the fact that there is some dialogue with local authorities about the scheme, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Dr Blackman-Woods:** I beg to move amendment 165, in clause 63, page 26, line 39, at end insert—

"( ) Regulations shall provide that housing shall be excluded where it forms part of a housing regeneration scheme or consists of specialist housing or recently improved housing.

( ) In subsection ( ), a 'housing regeneration scheme' means a programme of regeneration or development of an area which includes the provision or improvement of housing and for which finance may be available under section 126 of the Housing Grants, Construction and Regeneration Act 1996.

( ) In subsection ( ), 'specialist housing' means any housing designed for or intended for occupation by older persons or persons needing care or support or persons with mental health problems or learning disabilities; or which has features which are designed to make it suitable for occupation by a physically disabled person; or which it is the practice of the landlord to let for occupation by persons with special needs.

( ) In subsection ( ), housing shall be considered to have been recently improved if substantial works of repair or improvement have been carried out on the relevant dwelling or group of dwellings within the previous two years."

*This amendment would exclude certain types of property from inclusion in high value homes determination.*

I assume I will be testing the Committee's patience if I go through yet another list of exemptions—[HON. MEMBERS: "Yes."] I thought so. Nevertheless, I think it is important in scrutinising the legislation to know whether the Minister has a view on another set of exemptions. These points have been made by local authorities and put to members of the Committee via Shelter; they are concerned about unintended consequences.

Under the amendment, certain types of housing in certain circumstances could be removed from being deemed to be of high value. That is housing that forms part of a housing regeneration scheme, or consists of specialist housing or recently improved housing. The aim is to prevent a situation arising where councils invest scarce money in improving their stock and the area, only to have the housing be deemed to be of high value and then sold off, or, if it is not sold off, have a levy attached to it. There could be a huge negative impact on local councils' desire to improve their housing stock and the surrounding area.

I hope that the reason for removing specialist housing from being deemed to be of high value is obvious to the Committee. Once housing has been adapted to meet the needs of vulnerable people—those needing care or with disabilities—it tends to cost more money. We are very concerned that adaptations would be carried out to a particular property to make it possible for an older or vulnerable person or someone with disabilities to live there, but the property then becomes vacant and instead of being available for re-letting to another person who desperately needs specialist housing, it is deemed to be of high value, because of the work that has been done to it, and required to be sold off.

We hope that the Minister will assure us that this will not be the case and that specialist, adapted housing for people with disabilities or other special needs, will be removed from the requirement to be deemed to be high value and sold off. We do not want councils to become reluctant to adapt their stock for use by people with special needs. The Bill currently does not include the sort of exemptions that we would like to see. I look

forward to hearing what the Minister has to say on exemptions where there is a regeneration scheme or specialist or recently improved housing.

**Brandon Lewis:** As I have indicated, it is absolutely right that local authorities should be addressing housing needs at local level. However, when there is an increased need for housing across the country, it makes no sense for a local authority to keep hold of high-value, vacant council houses. Selling such properties will mean that more money is available to increase our overall housing supply, and any possible exemptions to the policy have to be balanced against that. No decisions have yet been made on what categories of housing will be excluded from the payment under regulation-making powers in the Bill. Several suggestions have been made for possible exemptions—indeed, the hon. Lady has just given some—and the Chancellor announced last week a package of support to boost estate regeneration, so we will consider all those matters carefully.

As I have already mentioned, we are also in the process of collecting data from local authorities that will be used to help to inform several aspects of the policy, including any exemptions, so I hope that on that basis—and taking my earlier comments into account—the hon. Lady will agree to withdraw the amendment.

**Dr Blackman-Woods:** If what the Minister was doing was assuring us that some attention will be given to exemptions that need to apply, especially in the area of specialist housing or regeneration, I will wait and see what happens in later stages of consideration of the Bill. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 63 ordered to stand part of the Bill.*

*Clauses 64 to 66 ordered to stand part of the Bill.*

### Clause 67

#### REDUCTION OF PAYMENT BY AGREEMENT

**Stephen Hammond:** I beg to move amendment 1, in clause 67, page 28, line 7, at end insert—

“(2A) In the case of a proposal for an agreement under subsection (1) between the Secretary of State and a local housing authority which is within Greater London as defined by section 2 of the London Government Act 1963 the Secretary of State shall—

- (a) have particular regard to the extent to which the agreement will contribute to the target set under section [New Clause 1; Target for new affordable housing provision in Greater London], and
- (b) consult the Mayor of London,”

*This amendment and New Clause 1 would require the Secretary of State and housing authorities in London entering an agreement which would reduce the amount due to be paid under section 62 to have regard to the duty to achieve the provision of at least two new units of affordable housing for the disposal of each unit of high value in London.*

**The Chair:** With this it will be convenient to discuss new clause 1—*Target for new affordable housing provision in Greater London*—

“The Secretary of State, the Mayor of London and local housing authorities in Greater London as defined by section 2 of the London Government Act 1963 shall jointly have a duty to achieve the provision of at least two new units of affordable

housing to be provided within Greater London in return for the disposal of each unit of high value housing in Greater London as defined under section 62.”

*This New Clause would impose a duty on the Secretary of State, the Mayor of London and London housing authorities to achieve the provision of at least two new units of affordable housing for the disposal of each unit of high value housing within the Greater London area.*

**Stephen Hammond:** It is a pleasure to serve under your chairmanship again, Mr Gray, at this rather unexpected hour, which makes it even more pleasurable for all of us.

The amendment is in my name and in that of 15 colleagues, including the current Mayor of London, and the first thing to say is that, as Londoners and as Members of Parliament who represent constituencies across London, we welcome the Government’s commitment to increasing the housing supply in London. It has been a crucial challenge for the Mayor and he has succeeded in meeting that challenge. We therefore support everything that the Government are doing to increase the supply.

The amendment deals cases in which high-value council properties are sold. It has to be recognised that such properties are an extremely valuable resource, built up over many decades and housing many low-income, working Londoners who might otherwise be priced out of the capital. But, as the Minister said a moment ago, this is about asset management and efficiency, and that is what the amendment and new clause seek to achieve, by providing that proceeds from the sale of such properties generate an expansion of the affordable housing supply in London.

Amendment 1 should be seen alongside new clause 1 as together they require the Secretary of State and housing authorities in Greater London to enter into agreements to reduce the amount due to be paid under section 62 and to have regard to the

“duty to achieve the provision of at least two new units of affordable housing...for the disposal of each unit of high value housing in Greater London”.

**Matthew Pennycook:** I want to press the hon. Gentleman on the rationale for the amendment. We heard repeatedly from the Minister this morning that the new-build programme that will be facilitated by the voluntary deal will deliver at least one for one, if not more, and that we do not need to be prescriptive in any way on the face of the Bill about like-for-like replacements. If the clauses are all that is necessary, why does the hon. Gentleman think that it is justified to be more prescriptive in this case and overturn the logic that we heard earlier?

**Stephen Hammond:** The hon. Gentleman makes a fair point. It would be even fairer if I had not had the benefit of sitting through today’s proceedings, long though they have been, and listened to the Minister make that point several times. I hope that tonight he will say not only that he recognises that point, but that he may wish to go further and bring this back on Report to ensure that Londoners benefit from the disposal of these properties, so that the assets that have built up over decades are officially used to provide an affordable housing supply for future generations. That is why the amendment—in fact, the very first amendment to be tabled—and new clause 1 were tabled. I am proud that the amendment shows the commitment from Government

[*Stephen Hammond*]

London MPs to ensure that there is a diversity of supply and that the disposal of high-value council properties generates more affordable housing in London.

8.15 pm

**Peter Dowd:** For the avoidance of doubt, is the hon. Gentleman saying that the money for London would be absolutely and categorically ring-fenced? I am not quite clear on that.

**Stephen Hammond:** That is not the thrust of the amendment. It is to ensure that the proceeds from high-value council properties are used in such a way that not only maintains but expands the stock of affordable housing and supply in London. That is the key and this is a workable amendment. I hope that the Minister can give me some assurance that the amendment is workable and that it will find some favour.

**Brandon Lewis:** I have spoken about this with my hon. Friend the Member for Richmond Park and, indeed, with my hon. Friend the Member for Wimbledon, who spoke eloquently to the amendment, as they both did on Second Reading. It is indicative of the strength of determination of Government Members, led by my hon. Friends, to do something positive about housing in London that the amendment was the first one tabled. It is also indicative of their planning and thought process.

I have engaged widely with a number of colleagues across London about how our high-value vacant housing policy will enable additional homes to be built in the capital. I have met with the GLA and a number of cross-party leaders of London boroughs. Those meetings have demonstrated an understanding of why we are introducing the policy. They have shown a willingness to look at new ways of working. I am meeting with those groups again before Christmas to discuss how we can all work together to ensure that the outcome absolutely meets London's needs.

My hon. Friend the Member for Wimbledon made a strong and powerful point just now, as did my hon. Friend the Member for Richmond Park on Second Reading, that this is about ensuring the maximum housing supply that we can for London to deliver the housing needs and homeownership aspirations of people in London.

**Matthew Pennycook:** With the Minister give way?

**Brandon Lewis:** I will in one moment. The Committee has a shared interest in ensuring that there are sufficient homes to meet London's needs and I am sure that the hon. Gentleman is about to agree with me on that.

**Matthew Pennycook:** I agree with the Minister on that point but I would like to tease out the logic and some of the ambivalence in his approach to other points made throughout the day. Earlier this morning, he said that the clauses in the Bill are those necessary to make the deal work. He has repeatedly said that the deal—a voluntary deal that does not need to be put on the face of the Bill in all its detail—will deliver one for one, if not more, in London. I have no doubt that he

will accept and bring this back on Third Reading. Why does he think there is a case for this to be on the face of the Bill when he will not be prescriptive in any other area?

**Brandon Lewis:** First, I am not sure where the hon. Gentleman gets the idea of any ambivalence from. We are absolutely focused and passionate about delivering housing for London. Indeed, in the spending review and the autumn statement just last week, my right hon. Friend the Chancellor outlined that we will now have the biggest building programme in several decades in the country thanks to the commitment of this Government. In 2010, we inherited the lowest level of house building since the 1920s. Our determination and focus is absolutely clear.

I suggest to the hon. Gentleman that he is confusing two very different things. There is a small number of clauses—without looking at the Bill, I am pretty sure that there are just six—to deal with actioning the voluntary agreement. This is about the sale of high-value assets. That is linked to the right to buy but it is something on which we need to legislate. It is commendable that my hon. Friends the Members for Wimbledon and for Richmond Park and other colleagues in London are so focused on doing something to increase housing supply for London that they want to make a formal legislative commitment to it. I would have thought that the hon. Member for Greenwich and Woolwich, as a London MP, would support the essence of what they are trying to achieve: more homes in London.

**Matthew Pennycook:** Of course, I support that aim and objective. If I have understood the Minister correctly, would he agree that there is a corresponding case for more prescriptive clauses in the Bill to deal with forced sales in other urban areas, where there are significant, although though not so acute, housing pressures?

**Brandon Lewis:** The hon. Gentleman is again looking at this from the wrong point of view. From my conversations, I know there are local authority leaders from other parts of the country where there are challenges with high-value land. That is not restricted to London, although it may be the most acute example. I am willing to talk to them about what they want to do to deliver more housing in their area—in fact, we are having those conversations right now. Just last week, my right hon. Friend the Chancellor explained how we are more generally prioritising housing, especially in London, where we now have a specific London version of the Help to Buy equity loan scheme, with 40% support, as well as support through starter homes and the more general extension of right to buy.

I intend to continue working closely with my hon. Friends the Members for Richmond Park and for Wimbledon, so that we can ensure we develop a solution that best meets the needs of London. On that basis, I hope that the amendment will be withdrawn.

**Stephen Hammond:** The Minister is right to recognise that the thrust of the proposal is to ensure that the proud record of the current Mayor of 100,000 completions of affordable housing over his two terms will continue. I am pleased that the Minister recognises that that will be

delivered only if the Mayor and boroughs work together, so I am also pleased to hear of his discussions. On the basis of that reassurance, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Dr Blackman-Woods:** I beg to move amendment 170, in clause 67, page 28, line 8, at end insert—

“(4) Notwithstanding the generality of subsection (1), housing shall not be taken into account under section 62(2) unless the proceeds of sale of every relevant property are applied to fund the construction of a new property in the same locality which is to be let as social housing on terms (as to rent, security of tenure and generally) which are substantially the same as those on which the original dwelling was let.

(5) No determination by the Secretary of State under section 62(1) shall be made except on the basis of a deduction representing the cost of replacing the relevant dwelling or dwellings under subsection (2A), and no assumption to the contrary shall be made under section 62(7) in making such determination.

(6) The amount of any payment determined on the basis of subsections (4) and (5) may be nil.”

We return to the thorny issue of replacement housing. With this and following amendments, we are trying to tease out from the Minister whether he supports the view held by the Opposition and widely held in the housing sector that if high-value council homes are sold off in a forced sale, there should be a one-for-one replacement.

Amendment 170 seeks to establish that housing should not be taken into account under clause 62(2) unless the proceeds of sale of every relevant property are applied to fund the construction of a new property in the same locality, which is to be let as social housing on terms—such as rent, security of tenure and more generally—that are substantially the same as those on which the original dwelling was let.

We think that is important for the reasons we have outlined a number of times. Given the late hour, I will not explain at length why we need replacement housing; I will just remind the Committee of why it is an important issue.

It is surely common sense that a three-bedroom house sold off in Hackney cannot sensibly be replaced on a like-for-like basis by a three-bedroom bungalow in Hull. The amendment seeks to ensure genuine like-for-like replacements. We know, as I outlined earlier, that there is a huge need for affordable homes to rent in this country and we know that money from sales of high-value stock will not necessarily stay in the area of the original home, but flow via central Government around the country: that is what will happen at best, assuming that the resources do not get stuck at the Exchequer level. As I said earlier, analysis by Shelter shows that 113,000 low-rent council homes could be lost, with even more than that by 2020.

With this policy, we are seeing a significant transfer of resource away from areas where the housing crisis is most acute, to areas where it is less so, because the presupposition of the amendment is that it will be easier to get a replacement in some areas than others. In fact, the areas where it is most difficult to get a replacement are the areas where land prices are higher, where there is most housing demand and where we can least afford to lose any social housing stock through enforced sale.

I will leave the amendment there; I think it is self-explanatory, seeking to ensure that the money is spent on genuine like-for-like replacement.

**Brandon Lewis:** The amendment would, if accepted, mean that any receipts generated from the sale of vacant high-value council housing would be retained by the local authority, as the hon. Lady has outlined. It would mean that the only payment made to the Exchequer would be any receipts not used to fund the additional homes. We are committed to using a proportion of the receipts from the sale of high-value homes to fund new housing. Clause 67 sets out that, by agreement, we will allow councils to retain a proportion of their receipts to fund new homes. However, where an agreement is entered into, I want local authorities to have discretion about how they use their portion of the receipt to fund new housing in order to meet the needs of their local community. I do not see a need for local authorities to be constrained in primary legislation to replacing the homes they sell with a home of the same tenure, in the same location.

In many areas, local authorities actually work together, across boundaries, to deliver new housing for their communities. London leaders of both parties, London councillors and officers have made this very point to me over the past few weeks. They have asked us for these freedoms and are already working together in many areas to deliver those new homes. It would be counterproductive to how they are already working, let alone how they want to work in the future, to restrict the use of these receipts to delivering exactly the same types of homes in the same local area. Part of the point of selling off vacant high-value homes is that local authorities, by agreement, can use that opportunity to consider how best to meet the housing need of their local communities; that may be through delivering new properties with a different mixture of tenures than traditional council homes.

Finally, this policy is founded on the requirement that part of the receipt from the sale of vacant high-value homes is used to fund the extended right to buy for housing association tenants. This meets our manifesto commitment and will give access to home ownership to many people who would never before have been able to afford their own home. Housing associations will use sales proceeds to deliver new housing supply on a one-for-one basis at least. It is also essential that the Government are able to ensure that, under the agreement with councils, the receipt can be used efficiently to deliver the maximum number of new homes. Clause 67 is framed to allow the Secretary of State some flexibility to consider the amount of funding an authority will retain under an agreement, precisely because we need to balance demand for the extended right to buy against the need to deliver additional homes efficiently and effectively. I hope that, with these assurances, the hon. Lady will be able to withdraw her amendment.

**Dr Blackman-Woods:** I have heard what the Minister has said. I suspect that we shall return to this in trying to tease out exactly what these clauses mean in practice for local authorities and the very many needy people who rely on the provision of social housing in the area in which they live. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 67 ordered to stand part of the Bill.*

*Clause 68 ordered to stand part of the Bill.*

### Clause 69

#### DUTY TO CONSIDER SELLING VACANT HIGH VALUE HOUSING

8.30 pm

**Dr Blackman-Woods:** I beg to move amendment 173, in clause 69, page 28, line 19, leave out “must consider selling its interest in any high value” and insert “must have regard to the duty in subsection (1A) when selling its interest in any”.

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

Amendment 174, in clause 69, page 28, line 20, at end insert—

“(1A) A receipt arising from the disposal of a dwelling must be used to achieve the provision of at least one new affordable dwelling to replace 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.”

*This amendment would remove the duty for local authorities to consider selling high value housing and introduce a duty that local authorities must, whenever they sell housing, use the receipt to provide at least a guaranteed like-for-like replacement home in the same area.*

Amendment 175, in clause 69, page 28, leave out lines 24 and 25.

*This amendment would remove the duty for local authorities to consider selling high value housing and introduce a duty that local authorities must, whenever they sell housing, use the receipt to provide at least a guaranteed like-for-like replacement home in the same area.*

**Dr Blackman-Woods:** Clause 69 imposes a free-standing duty on local authorities to consider selling any high-value housing that they own, which will apply even where no determination is made under clause 62. This is one of the very worst aspects of a pretty appalling piece of legislation. We do not even know how “high value” will be defined because, like so much of the Bill, it will be determined at some other stage or via some other process.

A key problem with the Bill’s vagueness is that there is no guarantee of like-for-like replacement, and it is vital for local authorities and local housing supplies that that is specified. We seek to address that, particularly in amendment 174, by ensuring that certain criteria are met. The Committee has previously discussed those criteria, particularly with regard to replacing homes lost through the right to buy. Housing that is sold off must be replaced with housing of the same tenure. As we said earlier, there is huge demand for social rented housing throughout the country. Replacement housing, as far as possible, needs to be within the same local authority area as the housing being replaced, so that we do not get a sale of high-value social housing that is simply not replaced in any way—it would not be sensible or socially responsible for members of this Committee to sign up to that.

We accept that there is a role for local authorities in ensuring that any replacement stock is in line with assessed local housing need, and that local authorities have some flexibility to replace housing—in the same

tenure, of course—with the type that they think is most needed in their area. That is important for a number of reasons, and earlier I gave the Committee details of the number of people on council waiting lists. Recent quarterly statistics on homeless acceptances by local authorities in England show that, over the financial year 2014-15, London accounted for 32% of all homeless acceptances, a massive 17,500. If members of the Committee do not want to accept that the number of people on housing waiting lists shows the pressure on the system and the need for additional housing in the social rented sector, perhaps they will be prepared to look at the homeless figures—17,500 in London is an extraordinarily high figure. The main reason for that figure is, obviously, that there are not enough homes, and some, usually private rented sector, tenancies are breaking down in some way, with the home being re-let or sold.

London accounts for 75% of all homeless households placed in temporary accommodation by English local authorities. I use that example to show how we need to have replacement, and how that replacement must be of the same tenure, because those who are homeless require social rented housing to be available, particularly if they have been through a series of private rented sector tenancies on a short-term basis. They may have additional housing needs that can be addressed through social rented housing. In particular, we do not want to subject such people—especially families—to having to go from one temporary accommodation, or bed-and-breakfast hostel, to another.

Because of the known demand on council waiting lists for social rented housing and the huge increase in homelessness that is being experienced throughout the country, and acutely in London, we must seek to ensure that social rented homes are replaced in the areas in which houses have been sold off, so that local authorities can address the assessed housing need in their areas by providing much-needed social rented homes.

**Brandon Lewis:** First, there are terms in the amendment, such as “assessed local housing need” and “the same tenure”, which do not appear to be defined. I assume that the latter term implies that if a local authority sold a home that had been let at a social rent, it would be obliged to construct or acquire another home that would also be let at a social rent. Secondly, I am not sure that the text of the amendment means what the hon. Lady intends it to mean—that the sale of every local authority home is replaced by the acquisition or construction of a new one. Whatever the exact meaning of the terms, however, the amendment would clearly impose a restriction on local authorities’ use of their housing receipts that we do not believe to be necessary.

Our provisions will not interfere with local authorities’ freedom to use non-right-to-buy housing receipts for any capital purpose. We want to maintain local authorities’ flexibility and freedom over non-right-to-buy housing receipts. The amendment would require excessive monitoring by central Government of local authorities’ spending decisions. To an extent, it would start to replace the kind of work once done by the Audit Commission, which I am pleased to see gone. Our proposed provisions would keep that to an absolute minimum and place the focus on meeting our manifesto commitments and driving effective housing asset management.

The explanatory statement to amendment 175 suggests that it is to be considered with the two amendments mentioned immediately above, which would replace the duty to consider the sale of high-value housing with a duty to use receipts arising from the sale of all housing assets in a specified way. We have already concluded that we cannot support those amendments. Even if the amendment were to be considered separately, we would resist it. We believe that it is important that Ministers have flexibility to relieve local authorities of the duty to consider selling high-value vacant housing assets in respect of certain categories of housing, just as they will have the power to exclude certain categories when calculating the amount that local authorities have to pay. I ask the hon. Lady to withdraw the amendment.

**Dr Blackman-Woods:** As I am sure the Minister is aware, the Opposition have to think about more than simply whether the Conservative manifesto commitments are met. We do not suggest for a moment that Government Members should not seek to meet those commitments, but doing so is entirely a matter for them. Opposition Members are trying to scrutinise the legislation to see whether it does what it says it does, to highlight unintended consequences and to check that it will not adversely affect communities.

That is why we have been at pains to point out to the Minister and to Government Members that if the proposals to sell off high-value council housing go ahead—we do not want them to, because we think that they will result in a loss of social rented housing stock—at the very least we want such housing to be replaced with similar stock of the same tenure, in the same area and according to locally assessed housing need. Because of the importance to us of ensuring that there is like-for-like replacement and that it does not lead to a reduction in socially rented homes, I wish to press amendment 174 to a vote, but with regard to amendment 173, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Amendment proposed:* 174, in clause 69, page 28, line 20, at end insert—

“(1A) A receipt arising from the disposal of a dwelling must be used to achieve the provision of at least one new affordable dwelling to replace 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.*)

*Question put.* That the amendment be made.

*The Committee divided:* Ayes 5, Noes 9.

#### Division No. 9]

#### AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	
Morris, Grahame M.	Pennycook, Matthew

#### NOES

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

*Question accordingly negatived.*

**Dr Blackman-Woods:** I beg to move amendment 176, in clause 69, page 28, line 27, at end insert—

“(5) Regulations shall provide that housing which has been newly constructed or substantially renovated within the period of two years before a determination shall be excluded from the duty in subsection (1).”

*This amendment would prevent housing which has been recently constructed or renovated from being sold.*

As we have already touched on this amendment, I will be extremely brief. The Minister knows, because of our earlier debate, that Labour Members are very concerned that newly constructed housing, or housing that has recently been substantially renovated—say within a period of two years—should be excluded from the duty in clause 69(1).

I am aware that a number of local authorities have already written to the Minister to ask whether housing that is now being built by councils to rent will automatically, once it is constructed but before tenants move in, be deemed to be vacant housing that should be sold off. A number of London authorities that are building additional council housing are very concerned about this. It is important that we get an answer on new construction from the Minister this evening. A number of local authorities are quite rightly asking why they should get involved in building new council housing, particularly in London or other areas where it might be deemed to be of high value, only to find that they are not able to have one single tenant take up this much needed social rented property.

8.45 pm

Councils construct new council housing because they face acute housing need and because they need more to build more houses for the local population for social rent. Also, given the current funding mechanisms, they will have gone to some length to bring different streams of funding together to be able to construct council houses in their area. I know, because several local authorities have spoken to me about this, that they were particularly keen that an amendment of this nature was tabled to test the Minister on whether he is serious about the fact that new housing built for social rent and to accommodate some of the neediest and most vulnerable people in this country will never be occupied by them, but will instead be sold off as a vacant, high-value dwelling. As we have already discussed time and time again in our deliberations on this Bill, there is no requirement to put in replacement housing on a like-for-like basis.

That prompts the question, and I hope the Minister is able to answer it: what will happen to the people who were lined up to get that new council housing if they never occupy it, if it is sold off as vacant high-value stock and if there is no replacement for it? It means there is simply nowhere for those people to go, and local councils, although they will have tried to accommodate local housing need and tried to build housing to address local housing shortages, will be left with nowhere to put those people, who are desperately in need of social rented housing, and for whom the council built the stock in the first place.

I am sure that members of the Committee will realise that this is an extremely serious issue. I know the hour is late and that we have been in this Committee for many hours today, but it really is incumbent upon us in

scrutinising this legislation to get an answer from the Minister. Will properties that have been newly constructed or substantially renovated within the last two years be excluded from the duty set out in subsection (1), and if not why not?

**Brandon Lewis:** It is interesting to be in a debate while we have background music as well, which we did not have this afternoon. I am sure that hon. Members from all parties will enjoy it.

I say to the hon. Lady that, of course, housing only becomes vacant, as defined in clause 72, once it has been occupied. Brand-new vacant housing will not fall within the definition of vacant. Under the Bill, the Secretary of State is already able to exclude categories of housing from being taken into account by local authorities when they are fulfilling the duty imposed on them by clause 79. That is why we are collecting data, engaging with local authorities and listening to their views and the views of others on what form these exclusions may take.

With that in mind, and having given my explanation of what becomes vacant and what qualifies as vacant, I hope that the hon. Lady will be able to withdraw her amendment.

**Dr Blackman-Woods:** It has taken only 12 hours, but we have a result at last, and I am very pleased by what the Minister has said this evening. It is really, really important that newly constructed stock is excluded from determination under these clauses.

On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 69 accordingly ordered to stand part of the Bill.*

*Clause 70 ordered to stand part of the Bill.*

### Clause 71

#### SET OFF UNDER SECTION 11 OF LOCAL GOVERNMENT ACT 2003

**Brandon Lewis:** I beg to move amendment 180, in clause 71, page 29, leave out lines 4 and 5 and insert—

(1) Section 11 of the Local Government Act 2003 (use of capital receipts) is amended as follows.

(2) In subsection (5), after “an authority” insert “in Wales”.

(3) After subsection (5) insert—

*This amendment and amendment 181 ensure that the amendment to section 11 of the Local Government Act 2003 currently made by clause 71 applies to England only.*

**The Chair:** With this it will be convenient to discuss Government amendment 181.

**Brandon Lewis:** I will be brief. Clause 71 makes a technical amendment to section 11 of Local Government Act 2003, which concerns the pooling of capital housing receipts. The clause aims to simplify accounting arrangements by reducing the total number of payments made between the Secretary of State and a local authority. Amendments 180 and 181 are technical amendments to ensure that the changes to section 11 of the 2003 Act apply only to England and that the existing provisions remain in place for Wales.

*Amendment 180 agreed to.*

*Amendment made:* 181, in clause 71, page 29, line 7, after “authority” insert “in England”—(*Brandon Lewis.*)

*See Member’s explanatory statement for amendment 180.*

*Clause 71, as amended, ordered to stand part of the Bill.*

*Clause 72 ordered to stand part of the Bill.*

### Clause 73

#### REDUCING SOCIAL HOUSING REGULATION

**Dr Blackman-Woods:** I beg to move amendment 194, in clause 73, page 29, line 36, after “control”, insert “in respect of ensuring quality in social housing”

*This amendment addresses the deregulation of standards for construction relating to Housing Association properties.*

**The Chair:** With this it will be convenient to discuss amendment 196, in clause 73, page 29, line 37, at end insert

“, including, but not limited to, disposals consent, allocations, valuation and planning”

*This amendment addresses the deregulation of the disposal of Housing Association property allocations, valuation and planning.*

**Dr Blackman-Woods:** We have tabled these amendments to clause 73 to try to get some additional information from the Government about the part of the voluntary agreement with housing associations that deals with deregulation.

Amendment 194 is fairly self-explanatory. We want to test where deregulation will apply, because at the moment that is not exactly clear. The Minister might tell the Committee that he is discussing the matter with housing associations, that the pilots will look at this issue in detail and that deregulation measures will be brought forward once the pilots have been in operation. That is all very well, but as we are debating clause 73, we would like a better understanding from him about what is meant by deregulation.

The Minister will know that housing association properties are built to quite high quality standards; the building regulations that attach to them are very good. In the last five years or so, housing associations have produced some of the best quality new housing in my constituency. We have not had a lot of new houses of that quality since about 2011; nevertheless, in general they are very good quality. Amendment 194 is essentially a probing amendment to ask the Minister whether we can be certain that the deregulation will not apply to build standards. Labour Members want to ensure that the very good housing produced by housing associations remains, because often they set a quality standard for new build locally that drives up standards in other sectors.

I recently went to see a new mixed development in London that had private rented housing and housing association properties. It was good to see that the builders had taken on board the standards for new build that would apply to housing association properties and had applied them to houses built for private renting. That does not always happen but it was good that it did in those circumstances. The people who would ultimately

purchase or privately rent those properties were getting homes of a higher standard than perhaps would have been the case if there had not been a social housing requirement attached to that new build. That is the purpose of amendment 194. We earlier discussed the need to ensure the building of houses of good quality, and we want to ensure that that continues. I am sure the Minister would endorse that.

Amendment 196 is very much a probing one to ask the Minister whether some deregulation of disposals consent is intended, in how properties might be allocated and planned for. The amendment seeks to determine the extent to which the Government plan to deregulate the sector, including, but not limited to, the disposal of housing association property, allocations, valuation and planning. The Secretary of State wrote in statement to the House:

“As part of the agreement, the Government will also implement deregulatory measures which will support housing associations in their objectives to help support tenants into home ownership and deliver additional supply of new homes.”—[*Official Report*, 12 October 2015, c. 222WS.]

We had that statement but no explanation of how that relates to deregulation. The Minister spoke, when giving evidence to the Committee, about the importance of putting details in regulations.

“Putting the detail in regulations allows the policies to be influenced by the debate in Committee.”—[*Official Report, Housing and Planning Public Bill Committee*, 17 November 2015; c. 117, Q267.]

We are even more confused by what is meant by reducing regulatory control, in what sense deregulation would apply and what is the purpose of deregulation, other than ensuring that the voluntary agreement came forward. It was the quid pro quo. The deal was, “You, housing associations, will sign our ‘voluntary agreement’ and we, Government, will reduce some of the regulation that applies to housing associations.” We are trying to get more information about the nature of that deal.

It is important that the relaxing of rules on regulatory controls is debated by the Committee. It is important that we all know what it is we are talking about. We could not find any detail in the impact assessment or elsewhere about the Government’s specific intentions on deregulation. I am sure if I have missed that in the impact assessment, the Minister will correct me in his reply, but we were surprised that it is not in the impact assessment because one would imagine it would be. If, for example, the deregulation measures have no impact on disposals consent, we would have thought that might be in there. If there is an impact on allocations policy, we would have thought that would be in there. If it is putting on limitations or extending the opportunities for housing associations on what they can build, we would have thought that would be in there.

The National Housing Federation, which was key to reaching the agreement on deregulation, provided written evidence. It highlighted a number of issues that it would have liked to see in the clause. Even the housing associations that have signed up to the voluntary agreement on deregulation do not appear to know what deregulation will mean in practice. They are putting forward a request for more information about deregulation to be put in the Bill or in regulations.

9 pm

**Mr Bacon:** Is it not likely that if these details were put on the face of the Bill, it would restrict the capacity of Ministers to make sensible regulatory changes? If we took the amendment at face value, the clause would read, “The Secretary of State may by regulations amend Part 2 of the Housing and Regeneration Act 2008 for the purpose of reducing regulatory control in respect of ensuring quality in social housing.” It would make things worse. The hon. Lady cannot seriously be trying to do that.

**Dr Blackman-Woods:** Perhaps the hon. Gentleman was not listening when I said it was a probing amendment. I did say that right at the beginning. We are trying to tease out whether the Minister has any intention of reducing, in any way, the building regulations that are attached to the construction of housing association properties. Those properties are built to a really good standard, a standard that would suggest they would have a reasonable lifespan and be available—until the Bill’s provisions become effective—in the social rented sector, let after let after let. I made it absolutely clear at the beginning that the amendment is very much a probing amendment.

Now, I was discussing what the National Housing Federation said on the matter. It observed that the “removal of the need for regulatory consent for individual decisions on disposals and asset management...would make it easier for housing associations to release more homes for sale and offer existing customers a chance to buy a stake in their own home.”

That was also mentioned in the original offer document from the National Housing Federation, which stated that amending the existing requirement for the regulator to give consent prior to the disposal of stock would reduce bureaucracy, but there is no such mention of that in the clause. I read what the National Housing Federation said in the voluntary agreement and in subsequent evidence to the Committee. It is a pitch to the Government, saying, “Please may we have deregulation of these aspects, so that we can reduce bureaucracy and dispose of our stock more readily?” All we are seeking to do with amendments 194 and 196 is to find out whether the Government intend to deregulate around deemed consent.

Yet another element of the amendment is whether there is any intention to deregulate housing associations’ ability to value their stock. At the moment, housing associations would say that artificial restrictions mean that association homes that have been transferred from a local authority can only be valued at 30% to 45% of what the home is worth. They have asked that this restriction is removed because those homes, like other affordable homes owned by associations, should be valued at about 60% of their market worth. That is an important consideration and is something that a number of housing associations have raised with us over time.

Artificially low valuation of stock, particularly in some areas, reduces the ability of those housing associations to borrow in order to be able to bring about new build social housing or, indeed, other housing products such as low-cost home ownership. It is important that the housing associations get some idea from the Minister about whether he is going to tackle this issue of valuation. If so, when will we know about it? How will it appear? Will it be another voluntary agreement? Will it be in regulations? We need to know a bit more.

[*Dr Blackman-Woods*]

I hope I have made it clear to the Committee that the amendments are largely probing. Their purpose is to get more information from the Minister about what deregulation means—what will be deregulated, how we will know about it, and how it will be subject to parliamentary scrutiny?

**Brandon Lewis:** I am very happy, to an extent, that the hon. Lady guessed rightly some of my remarks in her opening remarks. I was also pleased to hear her confirm in her opening remarks that the amendment was probing. She has implied that some of the following amendments might also be probing. I am pleased about that because I was worried when I saw the amendment that it would, as my hon. Friend the Member for South Norfolk pointed out, reduce regulatory control over construction standards. I have no wish to see a reduction in standards in the social housing sector. We need housing associations to continue to build more homes, but they must meet good standards of quality and design. In many ways, housing associations are leading the way with some of the excellent work they do, particularly with advanced construction, which the hon. Lady and I share an interest in, and we should move that forward.

I find it astounding that instead of having a clause stand part debate to get some answers and quiz things out, we are debating probing amendments tabled by the Opposition that would, by their own admission, make things worse, which seems an amazingly bizarre situation for the Opposition to be in, but, with their current problems, I should not be too surprised. However, I will briefly outline for the hon. Lady, if the Chair will allow me, what I would have said in a clause stand part debate, because it might help speed things along in terms of the amendments that she has tabled.

As the hon. Lady rightly pointed out, in our agreement with the housing associations on right to buy, we have said in chapter 3 that we are committed to implementing deregulatory measures to help housing associations build more homes and support more people into home ownership. We are very clear about that. That is the right thing to do. Since the agreement was formed, the Office for National Statistics has altered the way in that private registered providers, which we all know as housing associations, are treated in the national accounts. It has concluded that housing associations should have been classified as public rather than private since 2008.

I intend to introduce a package of measures on Report. The ONS announced the reclassification decision on 30 October, which has not yet given us the time to carefully work through a package in time for the Committee. In making these changes, I also want the regulatory system to continue to ensure the good governance and financial viability of the sector, thereby retaining confidence for lenders. At the same time, the changes will free housing associations to manage their businesses and stock more efficiently. We will work closely with the housing association sector, the social housing regulator and other stakeholders to finalise the deregulatory package. I look forward to discussing the detail of the measures on Report. I hope the hon. Lady will be able to withdraw the amendment and the following amendments.

**Dr Blackman-Woods:** That was a helpful response from the Minister. I reiterate that the purpose of the amendments was to probe. However, at this stage I do not think I can withdraw amendments 195 and 197.

**The Chair:** The hon. Lady can indeed not move them; she does not have to withdraw them.

**Dr Blackman-Woods:** I beg to ask leave to withdraw amendment 194.

*Amendment, by leave, withdrawn.*

**Dr Blackman-Woods:** I beg to move amendment 197, in clause 73, page 29, line 37, at end insert—

“(2) The Secretary of State must consult local housing authorities on any proposed regulations aimed at reducing regulatory control over private registered providers of social housing or their affairs.

(3) Once implemented private registered providers of social housing must consult the local housing authorities affected by any proposed changes to their policies in areas such as, but not limited to, nomination agreements, stock disposals and new build development programmes.”

*This amendment would allow for consultation with local housing authorities with regard to deregulation measures.*

The deregulation proposals could have implications for local housing authorities, so will the proposals and the package of changes that the Minister proposes to bring forward on Report be subject to consultation with the relevant authorities?

**Brandon Lewis:** I agree that local housing authorities have a significant interest in the work of housing associations, and that they need to work together. I do not, however, agree that local housing authorities should be consulted on the regulation of housing associations over others, including those housing associations.

The amendment would require housing associations to consult local housing authorities on any changes to their policies, including nominations, disposals and development programmes to build new homes. Housing associations are independent. I would expect them to work closely with local authorities, but forcing them to consult local authorities will not improve joint working. I would rather that housing associations and local authorities come together voluntarily to deliver more homes, which is what I have been discussing with local authorities and the sector over the past few weeks, and I think that is more likely to be productive. I hope the hon. Lady will therefore withdraw the amendment.

**Dr Blackman-Woods:** In the coming weeks, I hope to persuade the Minister of the joys and benefits of consulting with local housing authorities on the measures in this clause and others. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 73 ordered to stand part of the Bill.*

*Ordered, That further consideration be now adjourned.—*  
(*Julian Smith.*)

9.12 pm

*Adjourned till Thursday 3 December at half-past Eleven o'clock.*

**Written evidence reported to the House**

HPB 94 Office of the City Remembrancer, City of London Corporation

HPB 95 The Law Society of England and Wales

HPB 96 Fairhazel Housing Co-operative

HPB 97 London Tenants Federation

HPB 98 Historic England

