

London Tenants Federation

Housing and Planning Act 2016 briefing

The Act completed its passage through parliament and received Royal Assent in May 2016. Not all measures will immediately come into force; regulations on some sections are still to be consulted on. The following sets out some of the key policies contained in the Act.

- **Starter homes:** Local authorities have a duty through the Act to promote the supply of starter homes in their areas, to support the Conservative Party's manifesto to build 200,000 starter homes for sale. These will be at 20% below market prices for first time buyers under 40's and over 23's. Starter Homes would be developed at the expense of other forms of 'affordable' housing but would be accessible to only the top third of households in London.

The regulations on this are to be published at some stage.

- **Ending of secure tenancies for most new tenants:** Since 2011 councils and housing associations have had discretion to use fixed-term rather than secure or assured tenancies (as the norm). Through the Housing and Planning Act, the majority of new council tenants will be granted fixed term tenancies of between two and 10 years. Where the household has a child under the age of nine, councils could be grant a longer tenancy which would last until the child reaches the age of 19. Councils will still have the power to grant secure tenancies in some circumstances (details on this are to be set out at a later date).

At the end of the fixed term, a review will take place – where councils will decide whether to offer a new tenancy on the same or different property.

Successions to an existing secure tenancy will only apply to a spouse or civil partner. Any succession relating to a child would be for a fixed term tenancy.

An Equality Impact Assessment on Lifetime Tenancies of May 2016 states that in 2014/15 only 15% of social tenancies were let on a fixed term basis.

- **Extension of right to buy to housing association tenants:** RTB has been extended to housing association tenants, through a deal struck between the government and the National Housing Federation (where the NHF agreed to extend the RTB to tenants on a voluntary basis). The Act enables the government to make payments to housing associations to compensate them for the cost of the RTB discounts.

- **Councils forced to sell-off of 'higher' value council homes;** when they become empty to raise money to pay for the RTB discount for housing association tenants. London Councils estimates that up to 4,500 council homes a year could be sold off in London as a result. This is a significant loss of social-rented homes. The Act states that 'higher' value homes will be replaced (in London) with two new 'affordable homes'. These could be starter homes – which would be of no benefit to those who need low-cost rented homes in London.

The Act enables the government to set out a definition of 'higher value' homes. It allows the government to estimate the amount of money they would expect each council to receive from the sales and councils would then be required to pay this amount to the Treasury.

The detail is to be determined at some stage in regulations.

- **Pay to stay.** The Act requires that council tenants (this means tenants, joint tenants, their spouses, partners and civil partners) with higher incomes pay a higher rent. In London it will mean that any with a 'taxable annual' income of £40,000 or more will be required to pay an additional 15p rent for every pound earned over the threshold. In addition the 1% rent reductions will not apply to tenants with incomes above the threshold. Tenants who receive housing benefit (or who would be eligible to receive it if their rent were increased) will not be affected.

The money collected (minus the administrative costs) will go to the Treasury.

Pay to stay is not mandatory for Housing Associations, but the government would like them to introduce a similar policy applied to councils.

Inside Housing reported in June 2016 that a 'clutch of leading (HA) landlords' have begun planning for the introduction of Pay to Stay.