Briefing on the Housing and Planning Bill: What are the Government’s proposed changes to council housing?

The Government is planning to pass new laws soon which could mean some big changes for council tenants in the future, including rent increases for some tenants. Islington Council strongly opposes these changes, as they will reduce the amount of social housing in Islington and make living in the borough more difficult for some of our residents.

None of these changes has been finalised yet, but we want to make sure our residents know about them so they can start to think how they might be affected, and tell us their concerns.

A summary of the main changes planned by the Government in the Housing and Planning Bill 2016

- **Pay to Stay**
  From April 2017, tenants’ rents would be decided by their household income, if it is over £40,000 per year. This means it is likely all tenants will need to provide information to the council about their income. Tenants with higher incomes will pay higher rents, and could see their rents increasing up to the market rate.

- **Fixed term tenancies**
  The council would be prevented from offering new tenants homes for life (life-time tenancies). The council would only be allowed to offer fixed term tenancies that last two to five years. This proposal doesn’t apply to current council tenants and no changes would be made to existing council tenancies.

- **Selling ‘high-value’ council homes**
  The council would be forced to sell properties that are valued over a certain amount, when their current tenants leave. This means the council would end up with far fewer properties to let to people who need them.

The new bill also covers:

- **Right to buy extension**
  Housing Association tenants will be able to buy their homes at a large discount. The Government has not yet said who will qualify.

- **Starter homes**
  A new type of housing that will be sold at a 20% discount on market value to first time buyers under 40 years old.

*This briefing was published 7 March 2016. Please note this information is likely to go out of date and change as the Bill progresses through Parliament in the coming weeks and months.*
What we know now about Pay to Stay

- The Government says that from April 2017 all council tenants with high incomes will have to pay “market or near market rent”.
- The Government defines ‘high income’ in London as £40,000 or more, based on the taxable income of the household.
- The additional rent will go to the Government, not to the council.
- At the moment councils do not routinely collect information about how much tenants earn. Pay to Stay means we would need to find out – tenants would have to tell the council.
- If tenants provide no information on their income, the proposed legislation requires the council to assume you are on a high income and increase your rent accordingly.

Most benefits are not taxable (such as Housing Benefit, Working Tax Credit, Child Tax Credit or Disability Living Allowance). However some benefits are taxable, such as the State Pension and Jobseeker’s Allowance. Find out which benefits are taxable here - [https://www.gov.uk/income-tax/taxfree-and-taxable-state-benefits](https://www.gov.uk/income-tax/taxfree-and-taxable-state-benefits)

What we don’t know yet about Pay to Stay

- How the Government will calculate ‘market rent’.
- The exact definition of ‘household income’ – we think it will mean the tenant, or joint tenants named on the tenancy agreement, and any tenant’s spouse, civil partner or partner where they live in the property. When several people live in a property we think the highest two incomes will be taken into account for the ‘household income’.
- The extent to which rent will be tapered around income. Government have modelled that households with incomes between £40,000–£50,000 will pay 80% of the market rent, and households with incomes over £50,000 will pay market rent. But they haven’t yet said if this is what they will introduce.
- How the council would collect information about tenants’ incomes – if this becomes law, Islington Council aims to make it as painless as possible.

What can I do if I think I am affected by Pay to Stay?

- Get independent financial advice from Islington Advice Line on **03444 889 626** or email admin@rjadvice.org.uk and find other support through our service directory at [http://directory.islington.gov.uk/kb5/islington/directory/local.page](http://directory.islington.gov.uk/kb5/islington/directory/local.page)
- Follow the progress of the Housing and Planning Bill 2016 on the parliament.uk website (Search online for ‘Housing Bill’ and it will come up).
- Remember that there are a lot of unknowns still – but the council will tell you as much as we are able at every stage. Look out for updates and find out more at [www.islington.gov.uk/housingbill](http://www.islington.gov.uk/housingbill).
Selling ‘high-value’ council homes – what do we think the impact will be?

We don’t know yet how many properties we will need to sell in Islington, but it looks likely Islington will be badly hit as property prices are high here. Based on what the Government have told us, we expect to lose between 300 and 500 of the 1000 properties that become empty each year. This means there will be fewer homes for the council to offer to residents who badly need council housing.

What we know now about selling high value empty homes

- We will have to sell a lot of council homes for social rent and not be able to help as many people who need to move or find a home. It is likely that the number of points needed to successfully bid for a home will rise.
- We expect to have to sell between 300 and 500 properties each year. This represents up to half of the properties we let each year.
- We will be given a bill for the number of homes the Government think we will need to sell each year – we expect to get our first bill later this year.
- The Government will use the money we give them from selling empty homes to help fund Housing Associations whose tenants buy their properties under the extension of the Right to Buy.
- We expect to be able to apply to get some of this money back from Government to build new homes, but we aren’t likely to be able to replace more than we lose within the borough – so it would mean the number of council homes in Islington will fall.

What we don’t know yet about selling high value empty homes

- We don’t know what exactly what the Government means by ‘high value’, as the thresholds have not been finalised.
- As we don’t know the thresholds, we also don’t know how much money we will have to pay to the Government.

Fixed term tenancies – what do we think the impact will be?

New council tenants will have less security in their homes, so communities will be less settled.

What we know now about fixed term tenancies

- Councils will only be allowed to issue new tenancies for between two and five years. Six months before the end of these tenancies the council will need to assess whether the household still qualifies to continue in that tenancy.
- This change will not affect existing secure tenants, in their current tenancies.

What we don’t know yet about fixed term tenancies

- The Government has said that in some situations existing tenants will be able to move home and take their life time tenancy with them. The Government has not yet clarified the circumstances where this will be allowed.
What is the council doing to oppose the proposed Government legislation?

**Telling the Government about our residents’ concerns**

We responded to government consultation on Pay to Stay to raise the issues that we think will affect our residents most. We are telling civil servants and politicians designing these changes about the impact we expect each proposal to have on Islington tenants and the borough as a whole. A link to our response to the ‘pay to stay’ proposals can be found at [www.islington.gov.uk/housingbill](http://www.islington.gov.uk/housingbill)

**Working with other councils in London** to tell Parliament about the negative effects of these plans and to press for change.

**Telling our residents about the Bill so we understand how they may be affected**

We are raising awareness about the Bill with our residents so they can let us know what the challenges will be for them and this can be included in our responses to Government. To tell us what you think please visit [www.islington.gov.uk/housingbill](http://www.islington.gov.uk/housingbill)