

# London Councils

The voice of London local government

## Housing & Planning Bill Committee stage, Thursday 19 November Clauses 1-7, Starter homes

### London Councils

London Councils represents London's 32 boroughs and the City of London. We make the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses.

### Priority concerns and recommendations

The housing crisis is Londoners' number one issue. London Councils recognises the Government's ambition – outlined in the Housing and Planning Bill – to boost home ownership. London boroughs are keen to promote home ownership in the capital. Some boroughs are already promoting their own home ownership schemes locally, for example directly building homes for shared ownership or offering home purchase grants to tenants.

However, we are concerned that the starter homes policy as designed does not take account of London's distinct housing market and of the need for a wide range of different housing tenures to be delivered. Indeed any urban area facing housing pressures will want to retain the decision-making and flexibility to address their housing needs. We have three main concerns about the legislative requirements around Starter Homes, in relation to:

- Affordability,
- Viability,
- Infrastructure.

### Amendments to Clauses 1-7

We support **amendment 78** and believe that it will help put a safeguard in the bill to ensure that local planning authorities retain the flexibility to develop plans to meet the housing needs of different people in their area. Under this amendment, the Secretary of State would be required to take account of any local housing and planning documents based on an assessment of local housing needs before overriding a particular policy on the basis that it is incompatible with delivering Starter Homes.

We believe that amendments 59, 66, 69 and 72 could also help ensure that Starter Homes could be delivered alongside other affordable housing products and in consultation with local authorities.

## Starter homes

### Affordability – meeting housing need

This new asset class could potentially help some into home ownership. However, there is a risk that it could reduce the provision of other products better suited to meet the housing needs of Londoners, including in support of home ownership. Boroughs are already required through the National Planning Policy Framework to plan to meet objectively assessed housing needs, and it is important that centrally-imposed targets do not get in the way of their ability to ensure the right tenure mix in their local areas.

Starter Homes will not be an appropriate or affordable product for all Londoners who are looking to live in the capital. At prices of up to £450,000, Starter Homes are likely only to be affordable to those on significant household incomes. Analysis by Shelter suggests that London households could need an income of £77,000 with a deposit of £98,000 to buy even an average starter home at £395,000 – well below the upper cap. It is therefore important that boroughs still have the local discretion and flexibility to deliver Starter Homes alongside other products appropriate to accommodate a range of incomes.

The Government Impact Assessment states that developers may ‘adjust the level of affordable housing in relation to the number of Starter Homes they will be developing. This may reduce or alter the mix of affordable housing provided which could impact on those individuals seeking affordable housing’. A reduction in the supply of homes for people on lower incomes would risk exacerbating unaffordability and potentially increasing the housing benefit bill as more households may need to stay in the private rented sector or expensive temporary accommodation as a result.

London already houses over 49,000 households in Temporary Accommodation at considerable cost to the public purse. Starter Homes should therefore be additional to other forms of housing products, so that councils can still secure the necessary tenure mix in accordance with the needs in their area.

### Viability – ensuring supply

It is likely that Starter homes delivery will affect the viability of sites, particularly in higher value areas such as much of inner and central London. A £450,000 property – although expensive in relation to many Londoners’ incomes – is far below the current average values of new build properties in some inner London boroughs, where in some cases average new build properties sell for over £900,000. Viability problems on specific sites may lead to further reductions in affordable housing delivery. Local discretion will be key to ensure the right products are delivered in relation to local affordability and viability.

### Infrastructure

By exempting Starter Homes from the Community Infrastructure Levy, the policy also reduces the scope for local authorities to secure the necessary contributions towards funding infrastructure, raising questions about how the necessary infrastructure will be provided to support these sites.

Infrastructure delivered through the planning system is important to ensuring that new homes are supported by the appropriate amenities locally. Developments without the necessary infrastructure can erode the confidence of local communities in the planning process and the local benefits of development – this confidence will be critical to underpin development schemes going forward. The Government must ensure that housing developments, including Starter Homes, are supported by the necessary infrastructure.

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*London Councils represents all 32 London boroughs and the City of London. The Mayor’s Office for Policing and Crime and the London Fire and Emergency Planning Authority are also in membership*