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GENERAL COMMITTEES

Public Bill Committee

HOUSING AND PLANNING BILL

Fifth Sitting

Thursday 19 November 2015

(Afternoon)

CONTENTS

CLAUSES 2 to 5 agreed to.

CLAUSE 6 under consideration when the Committee adjourned till
Tuesday 24 November at twenty-five minutes past Nine o' clock.

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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, <i>Committee Clerks</i> |
| † Jackson, Mr Stewart (<i>Peterborough</i>) (Con) | † attended the Committee |
| † 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

Thursday 19 November 2015

(Afternoon)

[SIR ALAN MEALE *in the Chair*]

Housing and Planning Bill

Clause 2

WHAT IS A STARTER HOME?

2 pm

Dr Roberta Blackman-Woods (City of Durham) (Lab): I beg to move amendment 61, in clause 2, page 1, line 12, leave out

“at a discount of at least 20% of the market value”

and insert

“at a price no higher than is affordable to a household receiving the median local household income, with affordability to be determined by the local authority”.

The amendment would ensure that starter homes are affordable to the average buyer in a local area.

The Chair: With this it will be convenient to discuss amendment 67, in clause 2, page 2, line 21, at end insert—

“(8A) The restrictions on resales and letting at open market value relating to first time buyer starter homes must be in perpetuity”.

The amendment would require the reduction of 20% below market value for Starter Homes to remain in perpetuity.

Dr Blackman-Woods: May I say what a pleasure it is to serve under your chairmanship again, Sir Alan? The amendment seeks to probe the Minister on why a discount of 20% below market value is to be set to encourage people to buy starter homes, instead of a sensible multiplier of median household income in the area concerned, which would allow affordability to be determined on a regional or local basis, set by the local authority. As well as being localist, surely that would be a more effective way to get people on to the housing ladder. The national threshold in the Bill will mean that starter homes, unless they are priced significantly below that, will in many areas be out of reach for too many families.

I know that Government Members got a bit hot and bothered about the research presented to us by Shelter in oral evidence, but it is important to go through its argument in detail, because its position was backed up by others who gave evidence. It stressed that for many first-time buyers the current thresholds set by the Government are too high and that many people would not be able to afford a property priced at £250,000 outside London or £450,000 in London.

Shelter made the powerful point that the reforms will oblige local authorities to ensure that starter homes are built, with funding diverted from existing affordable housing within the planning system. That harks back to our discussion this morning: as starter homes are not

currently affordable to most families on low and middle incomes, they should be built in addition to, not in place of, existing affordable housing. Local authorities should not be compelled to accept such homes if they are not affordable to their local community.

Mr Stewart Jackson (Peterborough) (Con): Just to correct the hon. Lady, the figures before us show that it is wrong to assert that starter homes are not affordable to the majority of low and middle-income families. They may not be affordable for a minority in specific geographical areas, but the figures do not show that they are unaffordable for the majority.

Dr Blackman-Woods: The picture is quite complicated, but Shelter has been helpful in the evidence it provided. I am not sure whether I have its document in front of me to show the hon. Gentleman, but in its detailed analysis in “Starter Homes: will they be affordable?” it gives a detailed breakdown for each local authority area. I found that helpful, so he might like to look at it. In that we can see that, across the country, there are a number of areas in which the pricing regime will make the homes unaffordable for many people.

Chris Philp (Croydon South) (Con): Does the hon. Lady accept that the analysis to which she is referring is based on the £450,000 and £250,000 figures, which are ceilings? Many starter homes will be delivered at far lower prices than those caps.

Dr Blackman-Woods: Yes, but those are the figures that the Government put on the face of the Bill, so those are the amounts that we want to refer to. I expect that in many areas developers will seek to build starter homes up to the level of the cap, but the hon. Gentleman is of course right that in some areas they might not. We will look at the evidence in a couple of years’ time to see how many homes are being built below the level of the cap.

Shelter is throwing out a serious challenge to the Government. Its analysis shows that the starter home programme will not help the majority of people on the new minimum wage, and in many areas in England it will not help people on average earnings either. Shelter considered how the policy will affect different household types in each local authority area in England, and on a range of different salaries, to assess whether they would be able to afford a starter home. It concluded that starter homes for families earning average wages will be unaffordable in more than half—58%—of local authorities across the country in 2020. Perhaps that addresses the point made by the hon. Member for Peterborough. Families on the new minimum wage, which the Government call the national living wage, will be able to afford a starter home in only 2% of authorities. Single people on low or average wages can more or less forget it, as they will be unable to afford a starter home in the majority of local authority areas.

London, the south-east and the east contain the largest number of areas in which affordable starter homes could be built under the scheme because of the high demand, yet they are the least affordable. Shelter concludes that starter homes will primarily help those on higher than average incomes and couples without

children. That might be the Government's intention. However, if they intend to help those earning more than the average income and couples without children, they should make that clear. That begs the question, which we were considering earlier: how are all the other categories of people supposed to get on to the housing ladder?

Matthew Pennycook (Greenwich and Woolwich) (Lab): My hon. Friend makes a very good point. Surely the aim of the Bill is to increase the pool of home ownership to enable people who are otherwise unable to buy on the open market to afford a home. I have asked the Minister repeatedly—I hope he can touch on this point—what assessment or analysis has been done to suggest that the Bill will enable people, in the numbers he hopes to see, to afford homes that they would otherwise be unable to buy on the open market. My fear is that the Bill will hand equity to people in other areas who are already able to buy.

Dr Blackman-Woods: My hon. Friend makes an excellent point, which we will probably return to a number of times in Committee if the Chair permits us: to what degree do the measures add additionality to the whole system of housing supply? In particular, will they enable people who currently cannot buy their own home to do so? That is far from clear, on the basis of the evidence before us—particularly from Shelter. Of course, if the Minister has alternative evidence, we would all be happy to consider it during our deliberations.

I know that the Minister took exception to the fact that Shelter's research used the median house price as the likely value of a starter home. Interestingly, Shelter explains in its report why it did that. The first reason is that starter homes are new houses, so they are usually more expensive than existing houses. Also, as we heard from the Minister, starter homes are expected to be of good quality and well proportioned, which might make them a little more expensive.

As Shelter pointed out to the Committee, however, the Land Registry index of house prices that it used in its research actually produces lower values than other similar indexes. The Land Registry's median house price was £198,000 in England and £375,000 in London. Those figures are lower than the average house prices for first-time buyers that I think the Government used, because the latest stats from the Office for National Statistics indicate that the median house price is £211,000 in England and £385,000 in London. As a result, criticism of the Shelter research does not seem legitimate to us, because its figures were lower in any case.

If the Minister wants to bring forward alternative evidence, we will look at it. If he is determined to use the official prices for first-time buyers as a starting point for assessing the policy, that, too, is fine by us. However, that poses the question of why the starter homes will be even less affordable than the Shelter research has identified. The amendment seeks to restore some reality to the discussions about the affordability of starter homes and the actual consequences of the policy for real people in their local areas. The Secretary of State for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark), said in August that,

“all too often young people find themselves exiled from the place they grew up as they are forced to move away to find a home of their own.”

One has to presume from that statement that he would like young people to be able to buy a home in their local area, with a starter home set at an amount that can be afforded locally. That is also exactly what the amendment seeks.

Specific issues arise for young people trying to access housing in rural areas. The Campaign to Protect Rural England told us that average house prices in rural areas are 22%, or £43,000—a huge amount of money—higher than in urban areas, excluding London, although median incomes are lower, at £19,900 a year, compared with £24,000 in urban areas. Such specific affordability issues should be left to rural local authorities to address in the setting of the level of threshold prices for starter homes. Even in areas with an acute shortage, local authorities want to do their best to help local people, and local young people in particular, to get on to the housing ladder.

I will be interested to hear from the Minister why the amendment is not acceptable. It is a sensible amendment that seeks to ensure that affordability is set at a level that will mean people can purchase a house in the locality in which they already live and in which they want to continue living. We also think that, given the disparities in income throughout the country and the possible disparities in house prices to be faced by local people trying to get on to the housing ladder, some measure of local accountability should be built in.

Mr Richard Bacon (South Norfolk) (Con): Were the hon. Lady's amendment to be made, it could mean that in an area such as her constituency, where the median income is about £20,855, the cost of constructing a dwelling would be higher than the price at which it could be sold—set in law. Does she think that people who construct houses would do so at a loss, or would she expect her local authority to make up the difference?

Dr Blackman-Woods: If the hon. Gentleman had read the whole amendment, he would have seen that it says that affordability, and therefore the threshold level, is to be determined by the local authority. Either one believes in devolution and giving responsibility to local authorities—I thought that the Government did—or one does not.

Mr Bacon: Will the hon. Lady give way?

2.15 pm

Dr Blackman-Woods: I will give way in a moment, once I have answered the hon. Gentleman's previous intervention. We must expect local authorities to act responsibly and set a level that would cover construction costs for the new home but nevertheless be affordable for local people. That is the purpose of the amendment. It would give local authorities a responsible role in the setting of thresholds, rather than requiring them simply to apply a national one that might not be suitable to their locality.

Mr Bacon: I did read to the end of the amendment, and it refers to the “median local household income”, so that is the criterion that would determine the matter, not the good wishes of the local authority. The local authority would have to have regard to the median local household income. My question—and the hon. Lady did not answer it—was this: if it is not possible to construct a dwelling at a price that reflects a multiple of the median

[Mr Bacon]

local household income that a lender would lend, would she expect someone to construct a house at a loss, or would she expect someone else, such as a local authority, to make up the difference, or would she expect them to build nothing?

Dr Blackman-Woods: I think that I have already addressed those points. It is clear that the amendment would allow local authorities to set the threshold at a level affordable to people on average incomes. If starter homes are not to be available to people with incomes that are the average for the locality, what is the point of them? I would have thought that they were intended to help exactly the people with such incomes.

The point of the amendment is that the threshold will need a degree of local input. We are trying to improve the Bill and make starter homes accessible to as many people as possible, taking on board the difficulties of people across the country, given that house prices vary from area to area. Giving local authorities input into what is affordable is a sensible measure.

Amendment 67 relates to

“restrictions on resales and letting at open market value relating to first time buyer starter homes”.

Why has the Minister rejected the outcome of his own consultation exercise? Why should the discounts not be applied in perpetuity? As we know, the Government plan for a starter home is that it could be resold or let at open market value five years after the initial sale. The purpose of the amendment is to probe the Government as to why they rejected the view that restrictions should continue.

Several of those who gave evidence highlighted problems with the issue of perpetuity as a key element that will affect the potential success or failure of the policy. The question of the length of time for which the discount will be applied needs to be asked. As I mentioned, the Government’s own consultation reflected the view that there should be an ongoing basis for starter homes and their discount. The majority of respondents elected for an in-perpetuity discount: 75% of local authorities; 100% of lenders; and 50% of developers. The Government’s consultation states:

“Respondents on this issue highlighted a number of areas where the implementation of the policy needs careful consideration.”

Matthew Pennycook: This is an important point, because it is bound up with how the product is financed, about which I am still concerned. The reversion of starter homes to full market rate after five years will interact with how the product is financed potentially in a way that is detrimental to the Government’s aims. There are problems with determining the underlying market price and how the reversion after five years might distort the market. Does my hon. Friend agree that there is a risk that lenders will not support the scheme in its current form? The Government could allow a degree of leeway and set the five-year reversion as a minimum, rather than a hard and fast rule.

Dr Blackman-Woods: Again, my hon. Friend makes an interesting point, which I will come to in a few moments. Developers and lenders have submitted a substantial amount of written evidence suggesting that the five-year

rule may be a problem. I do not know to what extent the Minister has met mortgage providers to see whether their concerns can be overcome, but perhaps he will tell us in his response. I also do not know whether the Department has done any modelling. It would be quite interesting to find out what will happen to such homes in five years’ time, or whether there is an intention to find out what happened, such as whether people stayed in them for a long time or sold them, and if so who bought them. We can discuss that in a moment.

As the Government acknowledged in their response to the consultation, many respondents were in favour of the restrictions attached to starter homes lasting in perpetuity. We did not hear in the evidence session, and have not heard since, any reason from the Government as to why they chose to ignore the outcome of their own consultation. A huge amount of people want the discount to last beyond the five-year period. The amendment seeks to ensure that the discount is retained, so that it is not just the lucky few who already have their deposits saved who are able to benefit from the scheme.

After five years, the house will be sellable at the full market rate. The full value of—I will not call it a subsidy—the planning gain forgone then goes to the initial buyer. That is a direct transfer of assets from the state in terms of money forgone to those individuals. It is possible to make an argument in favour of such transfers, but it begs a question about whether such transfers should relate only to those individuals or whether they should be there on an ongoing basis for anyone who buys that property.

Returning to the Government’s expressed aim for the policy, namely the equality of opportunity for people to get on the property ladder, why should the discount on such homes be limited? On Tuesday, the Minister spoke of the tens of thousands of people who have registered an interest in the scheme. What about those for whom saving a sufficient deposit might take more than a few years? Will enough homes with the 20% discount exist?

The Minister expressed concern that keeping the restrictions in perpetuity would lead to a slowdown in building. Will he say more about that, because I was not exactly clear about what he meant? He said:

“First, this is not about building any number of starter homes—they stay in perpetuity and therefore you can slow down building, which is what happened with social housing... We will need to build starter homes and to keep building them. We want to build 200,000 in this Parliament, but not stop there.”—[*Official Report, Housing and Planning Public Bill Committee*, 17 November 2015; c. 125, Q277.]

We understand that, but he would be helped in his objective to get that large number of houses delivered if those sold stayed as starter homes, because we would then have new ones as well as those already in existence. Surely that would be better, because that would widen the net of home ownership even further. By keeping a discount attached to such a home into the future, other first-time buyers could benefit from access to that property in addition to other new homes coming on to the market. That would create a larger pool of starter homes available at discount rather than what could be a small flow, despite the Minister’s aspirations, under the current policy.

A number of housing organisations have identified possible problems with the specific delivery of the policy, with restrictions that apply for only five years. They argue

that developers might want to create differentiation between their market product and starter homes. Without a longer restriction, there is little motivation for buyers to purchase the market homes, which could lead to starter homes being sharply downgraded in design and specification to create greater differentiation. Similarly, lenders do not know how to value a product that changes in value so quickly, so they could struggle to provide mortgages to potential buyers.

Those problems have been brought to the Committee by both developers and lenders, and there does not appear to be anything in the Bill to ensure that starter homes are of a similar quality to other homes in the same development. It would be helpful and give developers reassurance if the Bill made clear to developers that starter homes must be of the same quality and similar design to other homes in such developments and that they would not be subject to downgrade in terms of quality of supply or building. Has any negotiation taken place with lenders so that they know how to value the mortgage product?

Some have also suggested that if the Minister thinks perpetuity is too long—he might think that—is he willing to consider putting in place a discount for some time beyond five years but less than perpetuity, such as 10 or 25 years? That would give more flexibility in the system. Again, perhaps local authorities or the local community could have a role in saying what timeframe they think is necessary for restrictions on starter homes to remain, bearing in mind the local market conditions. If there is a ready supply of starter homes, they might think that five years is enough, but if there is no such supply or if the homes are not coming through quickly enough, perhaps they would decide that restrictions need to be kept for, let us say, a 25-year period. To allow room for negotiation would encourage competition and greater innovation and the section 106 process could be used to ensure that building standards in developments remain high.

As I said, we must remember that the 20% discount offered represents a loss to areas in alternative expenditure, and not an insignificant one. A 20% discount on the average price of a first-time buyer home in England in 2014 would be worth about £42,000. As Shelter has told us, if the planned 200,000 starter homes are sold over time at the average price of a first-time buyer home, the discount would be £8.4 billion. That is a lot of money lost to infrastructure or other types of affordable housing.

2.30 pm

Given the huge amount of money we are talking about, we ask the Minister to think again about whether he really wants that to be a one-off, putting that money directly into the pockets of the first buyers of starter homes. He may want to do that, but I would like to hear his argument on why that is a priority. Of course, local authorities will be forgoing CIL, as we talked about earlier. I will not rehearse those arguments again.

Local taxpayers will receive less local benefit because they will not be getting long-term affordable housing or as much local infrastructure. If the money is going to be lost to other forms of affordable housing and vital infrastructure projects, it is only fair that the opportunity to purchase those homes is more than a one-off. I question whether that is the best use that can be made of that money. I look forward to hearing the Minister's arguments.

I will conclude there. A number of people have raised concerns about the five-year cut-off time, saying that there are real issues for lenders and developers having those restrictions in place for such a short time. They think that the policy could be improved by extending the restrictions over a longer period.

Stephen Hammond (Wimbledon) (Con): It is a pleasure to serve under your chairmanship, Sir Alan. I want to make two brief remarks. I was not going to comment on amendment 61 but, after the unanswerable and pertinent question asked by my hon. Friend the Member for South Norfolk—a reason in itself for rejecting the amendment—I am concerned by the possibility of myriad different definitions of affordability by every council in the country. If amendment 67 is a probing amendment, amendment 61 is certainly a wrecking amendment. I hope the Minister will reject it out of hand.

The Minister knows I want to make a few brief remarks about amendment 67. He would be right to reject it on the basis that, if five years is too restrictive, so is “in perpetuity”. More importantly, the thrust of the amendment should refer to subsection (1)(e), which is effectively about the regulations.

As a London MP, I have had a number of developers and mortgage suppliers come to me. They support the idea of starter homes but question whether defining five years is too restrictive. The insertion of the two words “minimum of” five years in regulations would keep the thrust and purpose of what the Minister wants. It would allow some of the financing and the value. The hon. Member for City of Durham made the point about the difficulty in determining value if there is a cliff at five years.

Inserting those two words into regulations would make it easier, without contradicting what the Minister wants to do. Will he look at that on Report? Indeed, he might be able to reassure me he can do that via regulations.

The Minister for Housing and Planning (Brandon Lewis): It is a pleasure to serve under your chairmanship, Sir Alan, and I look forward to working with you in the course of these Bill Committee sittings.

The hon. Member for City of Durham spoke about a few things that go beyond amendments 61 and 67. I will try to cover the general piece, as well as the specific amendments. She touched on the issue of quality, which we covered to an extent in our evidence sessions last week, and I can only reiterate what I said last Tuesday: the homes have to be high quality. I agree with her on that. We want people to have high-quality homes in terms of both build and design, as well as building high-quality environments and communities that we, the developers and the residents who live in them can be proud of.

That is why I was pleased to bring together on the design panel we convened earlier this year some of the country's best and most renowned architects, such as Quinlan Terry and Sir Terry Farrell, to produce some design templates. We published those earlier this year and made it clear that starter homes will, at the very least, follow those design templates. It is obviously then for developers and local authorities to go with either those templates or something they think is more appropriate or better for their local community. Quality is absolutely at the forefront of our minds when designing and delivering starter homes.

Dr Blackman-Woods: Putting in place the design panels was a step in the right direction. However, what guarantee is there that the starter homes will be built using those templates or even better ones outlined by the local authority?

Brandon Lewis: Again, this is one of the differences between the Government and the Opposition: we trust local people and local authorities to do the right thing for their local communities. That is what decentralisation is truly about.

Starter homes are a new product, designed to serve a pressing need. We have set out the key parameters: a starter home is available to first-time buyers under 40, at a minimum discount of 20% of market value, and subject to a price cap. A starter home is a new build property or a new conversion.

My hon. Friend the Member for Wimbledon is absolutely right; amendment 61 would replace the minimum 20% discount on the open market value with affordability criteria based on average local household income. Affordability would be determined by the local authority. Much was said on Second Reading about the affordability of starter homes. Research on affordability by Shelter was based on median house prices in each region, but I challenge whether first-time buyers actually access the market at the average house price.

The hon. Member for City of Durham made a point about the timelines and how the mortgage companies work. We work with and talk to developers and hear what they say. We will do the same with mortgage companies, which I have met, including the Council of Mortgage Lenders. If we apply the discount in perpetuity, we are in effect asking the lender to give a 100% mortgage, because the market value is not realisable. That simply does not fit with what we are looking to do. There are niche products out there that offer that, and there is a place for them, but I will touch on that in a moment.

Helen Hayes (Dulwich and West Norwood) (Lab): I do not accept that no value at all could be realised by maintaining a 20% discount in perpetuity. The purchaser of the home would still be able to realise the uplift in value; the uplift in value would just be at 20% less than the market value, so as market values rise, there is still a value to be realised. Does the Minister accept that point?

Brandon Lewis: The hon. Lady is absolutely right, but that again highlights the difference between the Government and the Opposition, because she misses the reality that neither the mortgage company nor the property owner can ever realise 100% of the property's value, which means that, at the point of taking out the mortgage, someone is effectively taking out a 100% mortgage. Banking and gambling on a future increase in a property's value is partly what got this country into the mess with house prices we suffered under the previous Labour Government, so I am not prepared to put first-time buyers at risk in the way she outlines.

The average market price for homes bought by first-time buyers in 2014 was £173,000 in England, excluding London. That compares with an average house price for England last year of £243,000. In London, first-time buyers paid £364,000 on average compared with an average house price for London of £470,000.

We expect starter homes to be an entry-level property, valued at below the average first-time buyer price for the local area. We have examined affordability of homes for those who are currently in the private rented sector. If they were to buy in the lower quartile of the first-time buyer market, outside of London, up to 64% of households currently renting privately would be able to secure a mortgage on a typical starter home, compared with just 50% who could buy a similar property now at full market value.

Within London, up to 55% of households currently renting privately would be able to secure a mortgage on a starter home in the lower quartile of the first-time buyer market, compared with 43% who could buy a similar property now priced at full market value.

Chris Philp: Given how widely accessible the starter homes will be to first-time buyers on median and low incomes, does the Minister agree that it would be appropriate to define starter homes formally as affordable homes for planning purposes? Would the Minister consider introducing amendments to that effect?

Brandon Lewis: My hon. Friend makes an interesting point. There are things we will do in primary legislation and others we will do through regulations and guidelines, but I will consider his comments.

Those figures demonstrate that starter homes at a 20% discount will provide a genuine opportunity for home ownership for many more households. The Opposition wish to remove the 20% discount on local market values. Our model for starter homes, with the discount, gives people a real opportunity to secure themselves a lasting foothold on the property ladder. They will be given the opportunity to sell their property after five years, as currently planned, to realise its full value, enabling them to move onwards to new housing, should they wish, giving them the same rights in their property as any other homeowner, mirroring what happens with someone who acquires their home through right to buy.

We will deal with the five years provision through regulations, but amendment 67 would introduce another significant change, to restrict starter homes to an in-perpetuity model in which the discount is retained permanently with the property. I am very aware that there are discounted market sale products with in-perpetuity restrictions delivered across the country now. They offer an important opportunity and play an important part in the home ownership market.

However, it is not clear how far the majority of first-time buyers would want to be subject to restrictions in that way. In London and some rural areas where prices are high, people have accepted that trade-off between restrictions and owning a home in those locations, but that does not have to be the case everywhere.

In addition, such long-term restrictions can make it more difficult to sell and move on. If the property is sold at a discount, can the owner move upwards to a larger home or to a new area? Our intent is very clear: starter homes will continue to be provided through 2020 and well beyond. New supply of starter homes will become available for future first-time buyers who will benefit from the same opportunities as the early buyers.

Those homes will provide first-time buyers with the opportunity to move up to a larger home as their family needs grow or circumstances change. That is central to

our vision for first-time buyers: a genuine discount that provides a genuine opportunity for a long-term future, and a determination to continue to grow and build that supply.

Teresa Pearce (Erith and Thamesmead) (Lab): I am listening very carefully to what the Minister is saying about helping first-time buyers on to the property ladder through starter homes. In the regulations, will there be a restriction to stop cash buyers buying that product?

2.45 pm

Brandon Lewis: We will look at the regulations when we come to them, and I am willing to look at any recommendations people make, but I would be cautious about restricting people from buying their first home in whatever manner is right for them.

A starter home is a new product to give young people a permanent place on the property ladder. I want to ensure that we support all first-time buyers and supply enough homes for them all as we go. I might be some years from my economics degree but the basics of supply and demand still sit large in my mind. If we can drive up supply, we will make prices more affordable and more achievable for all. The 20% discount plays an important part in that. Both of the amendments would make starter homes something very different from what we promised in our manifesto, for which we have a mandate from the people of this country. The amendments would remove the benefits of starter homes for the young people whom we are trying to help. I hope the hon. Member for City of Durham supports our proposals to help young, first-time buyers, and withdraws the amendment.

Dr Blackman-Woods: Once again, I am somewhat disappointed by the Minister's comments. Amendment 61 seeks to place affordability at a level that is genuinely affordable in all areas of the country, and to give local authorities a key role in setting that affordability. How we can be seen as anti-localist is a bit beyond me. The Government are the anti-localist ones. Given how strongly we feel about starter homes being affordable right throughout the country, we will press amendment 61 to a vote.

On amendment 67, the Minister knows that lots of people are raising issues about the degree of the restrictions and how long they will be. I accept that some of the detail will be in the regulations. We are probably all slightly alarmed to hear that people who already have substantial amounts of cash and therefore, presumably, could put down quite a large deposit on a property will be able to benefit from the scheme. I am not sure why that would be the case.

Brandon Lewis: The reason I would be cautious on the point made by the hon. Member for Erith and Thamesmead is that that could encourage gaming. It could encourage people to go and get a mortgage who do not necessarily otherwise need to, and therefore it would not deal with the problem. The only way to deal with the outlier that I think the hon. Member for City of Durham is trying to identify is means-testing, which, in and of itself, is not something that I would support. We want to supply homes for new first-time buyers.

Dr Blackman-Woods: Yes, but the counter-problem that we have identified is that people might access starter homes when they do not actually need to do so because they are perfectly capable of buying homes on the open market. The Minister will have to return to that. Perhaps we can deal with it when we debate the regulations. I should say in passing that one of the difficulties that we will experience with the Bill from time to time is that so much of the detail is in regulations rather than on the face of the Bill. We are not exactly sure what we are dealing with when we have those discussions in Committee. I hope it will be accepted that that is not the fault of the Opposition. We can only deal with what we have before us, but I accept that we will need to return to the issue of how long the restrictions last for and what they fully encompass. At this point, I would like to press amendment 61 to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 10.

Division No. 1]

AYES

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

NOES

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

Question accordingly negated.

Dr Blackman-Woods: I beg to move amendment 62, in clause 2, page 1, line 13, at end insert—

“() is not to be sold to buy-to-let investors”.

The amendment would exclude “Buy to let property” from the definition of “starter home”.

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

Amendment 63, in clause 2, page 1, line 13, at end insert—

“() is built on under-used or unviable brownfield sites not currently identified for housing on public and private land, as determined by the local authority”.

The amendment would limit starter homes to ‘exceptions sites’, as previously announced by the Government.

Amendment 64, in clause 2, page 1, line 16, at end insert—

“() any other type of property considered appropriate by the local authority to provide housing on a first time basis”.

The amendment would expand the definition of starter home to encompass housing a local authority considered appropriate for housing on a first time basis.

Amendment 68, in clause 3, page 2, line 24, at end insert—

“except where the local authority considers that providing starter homes would prevent other types of affordable housing being built”.

The amendment would enable local authorities to be able to ask for planning gain measures that provide for a range of affordable homes other than starter homes.

Amendment 69, in clause 4, page 3, line 4, at end of line insert—

“or other types of affordable housing considered necessary by the local authority”.

The amendment would enable local authorities to ask for planning gain measures that provide for a range of affordable homes other than starter homes.

Amendment 70, in clause 4, page 3, line 10, at end insert—

“and which has been subject to a full assessment of the need for starter homes in the relevant local authority area”.

The amendment would ensure that priorities are not given to the provision of starter homes in a given area before a full assessment of the number of such homes needed has taken place.

Dr Blackman-Woods: I accept that this is a large group of amendments. I will do my best to rattle through them, but they raise some important issues on the operation of the starter homes policy.

We touched on the subject slightly at the end of our previous discussion, but we have some concerns and want to probe the Minister on the responsibility of the local authority and others to ensure that these starter homes, given that they are being supported through money forgone to other products, will go to people who need them and who cannot get on the housing ladder for purchase in any other way. We welcome aspiration, and we want people to be able to buy their first home. We therefore do not want to see this product fail because it is being accessed by people who are not finding it difficult to get on the housing ladder.

Could these homes be sold to buy-to-let investors? These starter homes might be the first property that a person buys, but they might not be buying it to live in; they might be buying it to let. If that happens, this policy would not be about starting a home but about starting to be a landlord. There may be a restriction somewhere that would prevent such properties going to buy-to-let investors, but we are not clear where that restriction comes from.

This is important, because in many areas of the country it is difficult, particularly for young people, to get on the housing ladder. We therefore do not want anything to impede them from doing so by taking properties that they could purchase through this scheme away from them. We are not entirely clear why there is not more detail about who these properties should go to, because the list of requirements in clause 2 does not state that certain groups of people are excluded—at least there is not enough detail on that.

This is important because, under the coalition Government, there was a 50% drop in the number of young people owning their own home, which is a shocking figure that I am sure keeps the Government awake at night. They still claim to be all about home ownership yet, under their watch, home ownership by young people has dropped by 50%. Just 800,000 people under the age of 34 now own their home. The average deposit needed to buy a house is now £57,000, compared with £43,000 in 2010. At the same time, private rents have reached an all-time high. An average property now costs £803 a month to rent, an increase of 20% since 2010. On average, annual rent is now £1,600 more than in 2010. I am bringing in those figures to show that the buy-to-let market is good for investors, and

one could see how they might be drawn to this product if there are no restrictions to prevent them from accessing it.

It is not only young people who are finding it more difficult to get into the housing market. Across the piece, there are fewer homeowners now than there were a decade ago. According to the HomeOwners Alliance, owner-occupation in the UK has fallen to its lowest level since 1988, so it is the lowest it has been for very many years. I repeat that legislation to enable young people to step on to the housing ladder is, therefore, welcome; I think I will probably need to keep saying that throughout our deliberations. That is why we are so concerned that there are no safeguards in place to prevent so-called starter homes from being bought by people who are not genuine first-time buyers, but buy-to-let investors. That is a particular concern because the buy-to-let market is booming. According to the Council of Mortgage Lenders, figures from banks and building societies confirm that the number of buy-to-let mortgages taken out by landlords to purchase properties rose in the summer to its highest level in seven years. Between July and September, 33,600 new mortgages were taken out for property purchases, making it the busiest quarter since the end of 2007.

If we are not careful and no restriction is placed on starter homes being available for buy to rent, the many young people in Generation Rent whom we desperately want to support into home ownership may be unable to take that step because there will not be enough starter homes available. They are already in a difficult situation; they find it hard to get a deposit together because of high rents. We do not want anything else to impact negatively on their ability to access the scheme.

I will leave amendment 62 there. It is a straightforward amendment to help the Government ensure that the new product that they are developing goes directly to the people—particularly young people—who need it. The amendment would prevent the homes from being snapped up by investors who might crowd out of the market other people who really need housing. It could help the Government in their intention to ensure that young people have the opportunity to get on the housing ladder rather than being pushed into the private rented sector, as many of them are.

If we have missed a restriction that would prevent starter homes from being put into the buy-to-let market or used for private renting, it is because we simply have not seen it. We look forward to the regulations in due course. I have written to the Minister asking to have as many of the regulations as possible put in front of us to help our deliberations on the Bill. It is extremely difficult, as I have said, to discuss some aspects of the Bill without them.

If the Minister intends, through regulations, to put further restrictions on who can access starter homes, we would welcome that and would be pleased to see it. Without such restrictions, however, there is a real risk, as we and many people who gave evidence to the Committee have identified, that the homes could simply end up in the private sector. I am not talking about that happening after five years, because we all know that they could be sold on after five years to someone who will let them out. In fact, I think we all know, from our own areas, how many homes bought under the right to buy eventually end up in the private rented sector.

I suspect we will see more of that through houses sold as a result of extending the right to buy to housing associations. Given that this is a new product, it is important that the Government try to prevent that from happening, particularly in the early days of the policy, so that these homes are available for people who are genuinely trying to get into the housing market for their first home. We do not want that group to be taken advantage of by other sorts of investor.

3 pm

Amendment 63 is primarily a probing amendment, to try to get from the Minister a rationale for the policy on starter homes being changed from the one the Government consulted on earlier this year, which most people thought was quite sensible. The Government's previous policy was that starter homes would be available on brownfield exception sites, and that that was justified because those sites would not in all other circumstances be brought forward for development. That became known as the exception site policy, and I think a lot of people in the housing sector saw it as a sensible approach. Genuinely additional housing would be created, because in all other circumstances, those bits of land would not be brought forward for development.

However, the Government's policy has changed. We now have a prioritisation of the building of starter homes on practically any site, even if that site could be used for other forms of housing. The Government previously said they would try to prevent the definition of land designated for starter homes from becoming too broad. In their response to the consultation, they said:

"The Government is keen to ensure that, in line with the exception site approach, the definition of land used for Starter Homes does not become too broad."

That response was issued some months ago, and somewhere between March and May, there was a complete change in the policy from one based on exception sites to one that applies to almost any site. We need to know the basis on which the Minister and his right hon. and hon. Friends made that change. It would also be interesting to know what modelling they did, in making that change, of the other types of housing that would be crowded out and, indeed, what would happen to those exception sites if money were not available to bring them forward for development.

Mr Jackson: It is a pleasure to serve under your chairmanship, Sir Alan. Is not the practical consequence of amendment 63 a prescriptive restriction of starter homes, via the local planning authority, to more unviable sites with larger remediation costs? That would effectively restrict the supply to a much smaller number of sites, rather than the more permissive regime the Bill allows for.

Dr Blackman-Woods: The point I am making is that it was the hon. Gentleman's party's Government who consulted on a starter homes policy for exception sites only. By the way, I should point out in passing that the policy of putting starter homes on brownfield sites that would, in all other respects, be unviable was largely welcomed, because it was seen as a fairly sensible approach and a way of bringing forward land for development that might, in all other circumstances, not be used. My point is that that is what the Government consulted on. People said in response to the consultation document, "In general, we think this is a good policy. There are some issues with it"—I will talk about those in a moment—

"but broadly speaking, it is to be welcomed." This is my question to the Minister: given that we now have a starter home policy that not only applies to almost any site, but prioritises the development of starter homes on those sites, what brought about that massive change in policy?

Mr Jackson: I might have an answer.

Dr Blackman-Woods: Oh, excellent! An answer!

Mr Jackson: The hon. Lady is unusually perplexed, but maybe I can help her. It is very evident that this was a reaction to, effectively, a *fait accompli*, where starter homes were being zoned on suburban exception sites. It was a stopgap. Ministers could not ignore what was happening. They had to respond and very many people wanted them so to do. This is primary legislation to deliver a manifesto commitment to deliver more homes for our constituents. There is a difference and I am sure that the hon. Lady can see that.

Dr Blackman-Woods: The hon. Gentleman has brought great clarity to the debate. We do understand—in fact, that is where we were some hours ago—that this was a manifesto commitment. What I am trying to tease out, if at all possible, is what factually led to the change in the policy between March and May this year. If the Government, presumably with the same information available to them in March as they had in May, thought that it was a good policy to have starter homes on exception sites in March, why did they not think that in May? We need to understand better the basis on which that policy change was brought about.

It is true that although most people—78% of respondents during the consultation process—answered yes to the question,

"Do you agree in principle with the idea of a new national Starter Homes exception site planning policy to deliver more new low cost homes for first time buyers?"

they were agreeing to an exception site planning policy to deliver the homes, not a priority on all sites. A number of people gave their reason for agreeing: it was because they considered that it would be bringing back into use land that might not be used.

Some other issues were raised about the exception site policy. Some people were concerned that if only starter homes were placed on brownfield sites, that could lead to a lack of a mix of housing in the community. There was also concern about where these particular plots of land could be available. In other words, if they were not really desirable plots of land generally to be developed, is that somewhere that we would want to place people who are getting on the housing ladder for the first time? It could be that the sites were not adequately serviced and therefore it might be difficult, again, to have first-time homeowners placed in the area. There is a whole range of reasons that might have led the Government to change their policy, and one can understand that. However, no mention was made of that policy or taking on board any of those issues that people raised in response to the consultation paper. There was a note that the issues had been raised and that a greater mix might be needed, and that was a good thing, but there was no indication in March that there would be a wholesale dropping of the exception site policy and that instead of having that policy, we would go to the other end of the scale—to the opposite extreme—which

[Dr Blackman-Woods]

is where we have ended up, with a complete prioritisation for starter homes on almost all other developments. I am not sure that we have yet got an answer on that and I am not sure that we will get an answer, but it is an issue that the Minister needs to address.

Amendments 64, 68 and 69 raise questions about the Government's approach to the general issue of providing enough affordable housing. Hon. Members know already that it is a major contention of the Opposition that there is too narrow a focus on starter homes as the way to increase affordability in housing. There should be consideration of a range of housing products.

Amendment 64 says that a reference to, "any other type of property considered appropriate by the local authority to provide housing on a first time basis"

is needed. There should be a duty not only to provide starter homes. There should also be a duty on local authorities to support any other type of property considered appropriate to provide housing on a first-time basis. That could involve a number of ways of increasing home ownership: equity sharing, rent to buy and so on.

With amendment 68, we again think it is important that local authorities consider providing starter homes in addition to other types of affordable housing, and that they should be required to do that. In doing so, they should carry out an assessment of need, which I will come to in a moment.

As I mentioned previously, the Prime Minister specifically stated that he wanted to move away from affordable homes meaning only homes that are for rent, but of course "affordable homes" has never meant only homes for rent. Affordable homes can also be affordable homes to buy. We just need to be clear about what affordability means. We might table an amendment in due course to try to find out what the Government mean by affordability. It would be extremely helpful to all of us, in terms of knowing what we are talking about, to have affordability defined in the Bill, because over the years affordability has come to mean many different things. Indeed, a number of people in the housing sector are now telling us that it is hardly worth talking about affordable housing because nobody really knows what it means and, because it means different things in different contexts, it is pretty useless as a concept. I am not sure that I totally agree, but it is very important that at some stage the Minister clarifies what he means by affordable in terms of starter homes, low-cost home ownership and rented accommodation. We try to distinguish what is genuinely affordable to people by talking about social rents, because at least people understand what that means.

Kevin Hollinrake (Thirsk and Malton) (Con): Does the hon. Lady accept that in the past there has been too great an emphasis on providing affordable homes to rent and not enough emphasis on providing affordable homes to buy?

Dr Blackman-Woods: That is a very revealing comment. It is hard to find any evidence to back up that point. As I said—

Chris Philp *rose*—

Kevin Hollinrake *rose*—

Dr Blackman-Woods: I will take the intervention by the hon. Member for Thirsk and Malton first.

Kevin Hollinrake: The hon. Lady has presented much evidence of the need for affordable homes to buy in her evidence on owner-occupation. Is that not the evidence on what the clauses are meant to address—the fall in owner-occupation?

3.15 pm

Dr Blackman-Woods: I thought that the hon. Gentleman's previous intervention was about us concentrating too much on affordable homes to rent, whereas the evidence—[*Interruption.*] Perhaps I misheard, but what I heard him saying was that there had been too much concentration on affordable homes to rent.

Stephen Hammond: Will the hon. Lady give way?

Dr Blackman-Woods: In a minute, but first I will deal with this intervention. I pointed out earlier and this morning that although the number of social homes to rent increased from a very low number under the last Labour Government—in 2010-11, we delivered about 40,000 affordable, genuinely affordable, homes—in fact, last year only 10,000 homes for social rent were delivered. I would not have thought that to be too many homes by anybody's estimation. I do not have the figures before me for the constituency of the hon. Member for Thirsk and Malton, but I am happy to find them. I think he will find that there are a great many people desperate for social housing on council waiting lists around the country, amounting to way more than 10,000 more properties.

In my own area, we have an excess of 8,000 people on the council waiting list, so 10,000 homes across the country does not even begin to scratch the surface. To answer his point directly, do I think that we have concentrated too much on affordable homes for rent? No, I do not. We need affordable homes across all tenures. Should we do more to provide affordable homes to buy? Absolutely. If that is the point that he was making, I agree totally.

Chris Philp: That is the point that my hon. Friend the Member for Thirsk and Malton was making: we need to focus on homes to buy as well as to rent. The evidence for which the hon. Lady asked is this: 86% of people aspire to own their own home, yet owner-occupation is declining. That is the evidence, and that is why the starter home measures are so important. That is why they were in the manifesto, and that is why that commitment is now being delivered.

Dr Blackman-Woods: I think that we understand that this is a manifesto commitment to increase the number of people who can access home ownership. We totally agree with that. We all want those who can to buy their own property, and we want to help people access home ownership. However, in doing so, we must ensure that those who cannot buy their own home, for whatever reason, are not crowded out of the market, and that those who would provide homes for people in such circumstances can still provide those homes. The evidence before us suggests that we are failing to deliver affordable

—genuinely affordable—social rented homes for the people who need them, as well as failing to deliver homes in other tenures. It is as well as, not instead of.

Matthew Pennycook: My hon. Friend has got to the nub of the issue. Because of how starter homes will operate—the Bill leaves the negotiations to the local planning authority and the developer—what will happen in many cases, particularly in London and in my constituency, is that where the target level of starter homes, for example 20%, is the total amount of affordable housing on the site, the infrastructure might still be built but it will just drive down the level of other affordable housing in the negotiation. That is the real concern. It should not be an either/or.

Dr Blackman-Woods: My hon. Friend has put our case precisely and succinctly in an excellent intervention. That is exactly the point we are making; it is about not crowding out other types of development. Again, I come back to the responsibility we should be giving the local authority to provide for all people in housing need. There is a really big question that the Minister has to answer: do the provisions in these clauses override the national planning policy framework, under which local authorities clearly have to carry out a detailed assessment of housing need in their area and plan to meet that need? With this proposal they will presumably have to meet a target for starter homes, even where they might not be needed. Perhaps the Minister will address that when he comments on the amendments.

Amendment 64 is clear that other types of property that are considered appropriate by the local authority to provide on a first-time basis should also fall within the remit of starter homes. That seems reasonable, and the London Mayor has argued for that. Perhaps other rent-to-buy options could come under the definition of starter homes. What is critical is trying to meet the needs of young people and others who are trying to get on to the housing ladder for the first time, to ensure that they have the widest opportunities to do that.

I will move swiftly on to amendment 68. Our argument is that it is vital that the building of starter homes does not prevent other kinds of affordable housing being built. This is a probing amendment to ask the Minister what would happen if a local authority considered providing starter homes that would prevent other types of affordable housing being built. Some areas might have homes at a level that is already readily available for first-time buyers, but do not have enough affordable housing to rent or buy-to-rent products. What role is there for the local authority to say, “Actually, we do not need starter homes up to a value of £250,000 on this development. What we need are more equity share schemes, or hostels, or something like that”?

Is there any room for flexibility, or is this a diktat from central Government that says, “Thou shalt have starter homes on every single development, whether or not they are needed in that locality or on that site”?

Mr Bacon: Can I help on that point?

Dr Blackman-Woods: Please do.

Mr Bacon: The hon. Lady asked what was the role of the local authority. I would like to make a suggestion. We heard evidence that there is nothing in law to prevent a local authority that wants to from acquiring land and

building homes of its choice. There is nothing in law to prevent a local authority from acquiring land and then using it to establish, promote and expand mutual housing co-operatives. I hope that the hon. Lady, as a member of the Labour party, would support that. Those are outwith the bounds of the Bill and would provide the in-perpetuity protection for affordable rents of the kind she seeks. It is open to local authorities to do that now if they wish. Indeed, it was the Conservative leader of Westminster City Council, Philippa Roe, who gave evidence that they were looking into that very seriously.

Dr Blackman-Woods: We are all in favour of more co-op housing—I am sure that we will debate amendments on that later. The hon. Gentleman has in a way made my point for me. What we will see through the operation of the starter home policy is a lack of resources going to the local authority because CIL will not apply to them. Many local authorities across the country will not struggle to purchase land in the current climate, but even if land is available there might not be co-ops locally with the sort of money to invest in those sites that would ensure that they can cover both the infrastructure and the new build costs.

The hon. Gentleman described a situation that might exist in some areas, but it does not exist in all areas across the country. Nevertheless, it is exactly the type of example that could be given in support of the amendment, because if a local authority thinks that it would be much better to have co-op housing rather than starter homes on a particular site, why should the Government prevent them from providing that housing? As currently drafted, this legislation would require local authorities to provide co-op housing in addition to starter homes, even though there may be no money available for that co-op housing.

It is the practicality that matters. One of the responsibilities that we have, as the Members scrutinising this legislation, is to see whether it could work in practice. My concern is that without an amendment such as amendment 68, which would allow local authorities to consider providing other sorts of affordable housing, we might get to a situation in which starter homes simply crowd out every other form of development. I look forward, in five years’ time, to seeing figures that might demonstrate that we have been overly concerned. That would be a good thing, showing that we were too concerned and that starter homes do not crowd out other forms of affordable housing. Nevertheless, I am expressing the concern, which was put to the Committee by many organisations, that starter homes will do precisely that.

Indeed, that is the specific point addressed by amendment 69. As with previous amendments, it would enable councils to ask for planning gain measures that would provide a range of affordable homes other than starter homes. If we accept the evidence, which was put forward by Shelter, the Joseph Rowntree Foundation and other organisations, that starter homes are not an option for many people on average incomes, surely local authorities must be able to provide other forms of affordable housing if starter homes are not going to be available to most people in their area, and particularly if they are going to be put on the market at too high a price.

We know that a lack of social and affordable housing will have huge consequences for homelessness, which we will no doubt discuss later, because it is a serious

[Dr Blackman-Woods]

point. Under this Government we have seen a 33% increase—that is huge—in homelessness and a 58% increase in rough sleeping. We can all see that with our own eyes. That points to a need to have lots of different forms of genuinely affordable housing, and not just starter homes.

Mr Jackson: Judging from her amendments, I think the hon. Lady is inviting us to conclude that she believes that it is inappropriate for the Government to be prescriptive in legislation by suggesting a minimum number of starter homes on a site, but she wants to put in the Bill a centralised diktat to local authorities to develop other types of affordable housing. Does she not see that there is some discrepancy in her logic and thinking?

3.30 pm

Dr Blackman-Woods: No, I do not, but that is an interesting twist on what I was actually saying, which was about the need to enable a local authority to meet housing need across all tenures in its locality. I am sure that in some areas that would include support for starter homes to be sold at a discount—below the market level. It could also include many other types of affordable housing that are needed in the area. I am rehearsing the very real concern, expressed by many people who gave evidence, that the starter homes policy will crowd out other types of development that might be needed locally, or indeed types of development that a local authority might think should take precedence over starter homes in certain areas because of the make-up of the local housing market. We are arguing for more flexibility in the affordable products that are delivered and a greater say for local authorities in determining need. The intention behind amendment 69 is pretty much to say, “Shouldn’t we be delivering what we think is considered necessary by the local authority?”

Amendment 70 points to the need for the affordable housing provided to relate directly to a robust assessment of the affordable housing needed by a local area. It would ensure that developments are then brought forward to match that need. It is fairly clear to me that the Bill should reflect that analysis of local need should be properly determined and based on a consideration of average and low incomes in a particular area. Instead—I am coming back to the same situation—precedence might be given to starter homes even if there is a pressing need for some other type of accommodation locally, which is then crowded out. That does not seem to be a very sensible approach to producing housing stock.

Kevin Hollinrake: The hon. Lady seems to be implying that starter homes are the only form of development that will be carried out in our local communities, but we have heard evidence from a number of witnesses from housing associations who have said that they will increase the rate of house building. David Orr said,

“our offer to the government will see an increase in the number of...homes built, which has the potential to ease pressure in all parts of the market, including the rental market.”

Dr Blackman-Woods: But he also said—I think he made those comments in relation to the right to buy—that if homes are lost through the right to buy, although he might be able to guarantee a replacement, it would not

necessarily be in the same area. A number of us thought that was probably not a satisfactory response. The last thing we want is the loss of genuinely affordable homes in a particular area, which are then replaced by starter homes or some other type of properties that are not affordable. That is a very real risk, but I will not go down that road any further as we will deal with those points in more detail when we get to the clauses that relate to the right to buy.

Surely the reason that the NPPF asks local authorities to carry out an assessment of housing need is so that it is able to reflect that housing need in its planning policies and in the determinations made in Committee. It seems somewhat contrary to the demands of the NPPF to simply say, “Thou shalt have starter homes. There shall be this many on that site. It doesn’t matter whether there is need for those homes or not. We are going to ignore the assessment of housing need that has been carried out by that local authority on type, tenure and size, in the interest of starter homes, because we think starter homes are more important and have to be delivered at the expense of everything else.” What is the point of local authorities carrying out a detailed assessment of housing need in their area if they cannot then reflect that need in the decisions they make or in the land set aside for development?

It is hard to see how a centrally defined target for starter homes fits with the NPPF. It is also hard to see what role evidence plays in bringing forward these starter homes. That is not to say that we should not have starter homes, but they should be based on a proper assessment of housing need—what is required locally and, indeed, what form starter homes should take—rather than a simple numbers game of trying to meet what could be fairly arbitrary targets. Of course, if those targets are not hit, there are all the compliance measures and threats to local authorities in clause 6, as well as further down the line.

This is not a zero-sum game for local authorities. This is the dead weight of central Government pressing them down and saying, “Thou shalt deliver starter homes in these quantities, or all sorts of really horrible things will happen to you as a local authority.” That seems completely contrary to not only localism but the whole underpinning basis of the NPPF.

We heard evidence from PlaceShapers, which said that local authorities need,

“the flexibility to have local solutions...to determine what is needed in that area, including a range of social rented housing, home ownership options, market rent and sale.”—[*Official Report, Housing and Planning Public Bill Committee*, 10 November 2015; c. 29, Q64.]

That puts the case forward very clearly. We cannot assume the housing needs of one area are the same as another area. We heard from a wide range of councillors and local authorities in the evidence sessions that there is no one-size-fits-all solution to the housing crisis. For example, we heard from Councillor Glanville of Hackney Council that his council has a waiting list of 11,000 households and more than 2,000 homeless households living in temporary accommodation within Hackney, elsewhere in London, and in some instances, regrettably, outside London.

It seems that for those types of council, the priority might not be starter homes for every single development. Their priority is, as it is for many councils around the

country, to get people out of totally inappropriate temporary accommodation and get families out of bed-and-breakfast accommodation, which is totally unsuitable, into socially rented homes where they have some security of tenure and are able to put down links and roots, get their children into school and be active members of the local community. I thought Councillor Glanville made a powerful point to the Committee about that being the council's priority.

Councils are deeply concerned about not only the loss of housing stock in their area, which we will come to later, but the fact that they could be forced to give valuable land over to a type of tenure that is not needed as much as socially rented homes. In the interests of brevity, I will not go through all the different authorities that wrote to us making similar arguments, but there is a strong argument, in totality, that we need sufficient and appropriate devolution of affordable housing priorities to local authorities, rather than ministerial direction. A growing number of authorities—the number is growing daily—have now accepted a devolution settlement from the Government, a number of which contain responsibility for housing, so it would be interesting, perhaps not this afternoon but later in the Committee's deliberations, to hear how the Minister thinks those devolution settlements will affect the measures in the Bill. When combined authorities and mayors are given responsibility for housing, will they continue to be subject to central diktat on prioritising starter homes above all other sorts of housing?

I hope I have made the case that, in combination, this group of amendments seeks to tease out why the Government have not accepted a greater role for local authorities not only in determining local housing need but in meeting that need. The Government should give local authorities a greater role in choosing to accept or ask for starter homes on a particular site or asking for another housing product that better meets the range of housing needs in their area. I am especially interested to hear what the Minister would say to local authorities that have very high numbers of families on council waiting lists or in totally unsuitable temporary or bed-and-breakfast accommodation.

The Chair: Before I call you, Minister, I will try to be helpful by reminding the Committee that the Bill has 145 clauses. A lot of amendments have been tabled, and there are many other questions to ask. When I came to the Committee today, both sides indicated that they wanted to get to the end of clause 6. We are already deep into the afternoon, and we are halfway through clause 2. The word "brevity" was used a little earlier, and maybe we need to adopt it because it is our duty—my duty as a member of the Panel of Chairs, and your duty as Members of Parliament—to fully examine the proposals so that the House may consider them at a later date.

Brandon Lewis: Thank you, Sir Alan. I fully take on board your comments—I made similar comments just before lunch, when we had considered only one clause. I am also keen to get to clause 7 today.

I ask the hon. Lady to look back and consider what she is saying, because she started to become contradictory. I am sorry that the shadow Minister for Housing and Planning was unable to put himself on the Committee to make some of those points himself, but it is important to remember that he thinks the fall in home ownership, which, as he outlined, started in 2005, is a good thing.

Dr Blackman-Woods: This is the second time that the Minister has said that my right hon. Friend the Member for Wentworth and Dearne (John Healey) is not here. He is a member of the shadow Cabinet, and it is not normal practice for members of the Cabinet or the shadow Cabinet to lead a Bill in Committee.

Brandon Lewis: I appreciate that qualification, but the right hon. Member for Wentworth and Dearne obviously differs with the previous shadow Minister for Housing and Planning, who was also a member of the shadow Cabinet but, as I recall, attended Public Bill Committees, and certainly attended Delegated Legislation and Statutory Instrument Committees.

I note that the hon. Member for City of Durham did not move away from the right hon. Gentleman's comment that it is not a bad thing that home ownership has been falling since 2005. The Government are determined to change that. We want to ensure that the 86% of our population who aspire to own their own home, as my hon. Friend the Member for South Ribble mentioned this morning, have a chance to do just that, which is also why we should not be placing restrictions—either geographic restrictions or arbitrary income restrictions—on home ownership solutions for people under the age of 40. This is a problem that faces an entire generation, and it would be wrong to say that some people cannot benefit simply because they are either hard-working or happen to live in a particular geographic area.

Amendment 62 would introduce a buy-to-let restriction into the legislation. We do not want starter homes to be investment opportunities for buy-to-let landlords. We agree on that. We want them to be homes for people to live in, and that is why we have included in the Bill the ability for the Secretary of State to set out letting restrictions in secondary legislation.

3.45 pm

I reassure hon. Members that it is not our intention to allow those who buy starter homes to be buy-to-let landlords. We will ensure that letting restrictions are included in our regulations, but restrictions in any legislation will not prevent gaming at the local level. I reassure hon. Members that we are working with developers, builders, lenders and local government to secure the best possible mechanism to ensure that starter homes are for owner-occupiers only. We are working to secure a practical mechanism that can be agreed with all parties to ensure that starter homes are real homes for those who will enjoy living in them.

Amendment 63 would restrict the definition of starter homes to cover only those new build homes built on underused and unviable brownfield land—exception sites. The amendment would prevent the construction of starter homes on conventional housing sites. Our manifesto commitment to provide 200,000 starter homes by 2020—my hon. Friend the Member for Peterborough noted this earlier—will make a real difference to first-time buyers. Meeting the commitment will require starter homes to be delivered on exception sites. We expect such sites to deliver a substantial number of starter homes, boosting overall housing supply, but we also need to deliver on more conventional housing sites, too.

By 2020, I want people to be able to choose a starter home from a range of sites in their local area and to be able to buy in a place that feels like home to them.

We intend to set out in regulations the proportion of starter homes that we expect to be delivered on each conventional housing site. My Department will bring forward proposals in a technical consultation to be launched shortly. We want to look carefully at the proportion of starter homes required on conventional housing sites and also at any exemptions from the requirement. Excluding starter homes from conventional housing sites would limit the supply of new homes for first-time buyers and therefore limit opportunity.

The hon. Member for City of Durham made some comments on local authorities and their finances, and I can only suggest what I said earlier: local authorities should be looking to be as efficient as possible, particularly today of all days, when we have again seen a rise in reserves for local authorities. Those are now at more than £22 billion, rising from £13 billion in 2010. I encourage local authorities to ensure that they are finding efficiencies in their planning departments and sharing expertise in the same way that some have done with management and chief executives.

I also encourage local authorities to look at how they can use their reserves. My hon. Friend the Member for South Norfolk made the telling and correct point that local authorities can buy land and develop homes now. For example, the council of the hon. Member for City of Durham is sitting on £220 million of reserves. That quarter of a billion pounds is enough, depending on how things are calculated, to build another 3,000 homes, and I encourage her and her Whip to speak to their local authority and encourage it down that road.

Amendment 64 would allow local authorities to determine appropriate housing for starter homes, in addition to new build and conversions. The clause defines a starter home as a new build unit, or new conversion, because we want starter homes to be about additional supply of housing. We want to engage the whole development industry in building starter homes. Only that will enable us to provide the opportunities for home ownership that we need.

We have heard that empty properties could be brought back into use, but this Government have the strongest record on that, with the number of empty homes at its lowest level ever. We will consult on changing the definition of affordable housing in planning policy, along with other changes to embed starter homes delivery in national policy. Building on the comments and queries from my hon. Friends the Members for Croydon South and for Thirsk and Malton, I will reflect further and consider the definition of “affordable housing” and return to the matter on Report.

The hon. Member for City of Durham outlined and commented on affordable housing more generally, and as I said earlier, this part of the Bill is about creating a new, additional product for the housing sector with starter homes. That does not change the fact that we are doing a range of things for the housing sector more generally in different parts and niches of it. I have outlined those things, and I will not test the Chair’s patience by doing so again. For example, shared ownership has an important role to play. As part of a diverse and thriving housing market, it helps households priced out of the market to get on the ladder at a lower cost. More than 40,000 households have accessed home ownership through shared ownership since 2010.

Starter homes provide another model for those who are unable to access home ownership by offering them a 20% discount on a new home. This model provides an affordable step into home ownership, giving people the benefits of outright ownership immediately, and, importantly, helps them achieve the step up to their next home in due course—the ability, at the right time, to recognise full market value.

Given the complementary nature of the two products, the starter home initiative should retain its integrity as a new and separate model. However, we will consult on changing the definition of affordable housing in planning policy. I am interested in hearing from hon. Members about how they want to reflect the importance of shared ownership in the new definition. I understand that hon. Members want to introduce flexibility in the definition, but we must not lose sight of the need to increase the supply of new homes. The drive for starter homes will support that increase in supply, including, as we heard in evidence last week, from the National Housing Federation.

Amendments 68, 69 and 70 aim to prevent starter homes being delivered unless they are in addition to existing affordable housing requirements. We have heard arguments that starter homes will squeeze out other forms of affordable housing, and that delivery should only follow an assessment of need. The Government have a strong track record on delivering affordable housing. The 2011 to 2015 affordable homes programme exceeded expectations, delivering nearly 186,000 affordable homes since April 2011. That is 16,000 more than originally planned, and we are now in a programme that is delivering affordable housing at the fastest rate in two decades.

We remain committed to building more affordable housing during this Parliament, including shared ownership, to enable more people to have a home of their own. We will set out plans for the future direction of the Government’s affordable housing programme following the outcome of the spending review.

Clause 4 provides for a starter home requirement to be set for new developments. We will publish details in a technical consultation shortly. We strongly believe this requirement is necessary to achieve the level of opportunity for first-time buyers that we need, and will ensure starter homes become a common feature of new residential developments across England. This requirement is expected, in most cases, to require a proportion of starter homes on residential developments of a certain size to be secured—to go back to the point made by the hon. Member for City of Durham—through a section 106 planning obligation. However, it is envisaged that a degree of flexibility to reflect the different nature of residential developments and viability pressures across the country—for instance, the option of commuted sums for off-site starter home developments—may be more appropriate for some developments.

Councils can build their own affordable housing; we must not lose sight of that. They need to be proactive and creative in their drive to meet their local housing needs. They are free to allocate more land for housing through their local plans. This will allow them to increase supply of all tenures in their area. Almost £222 million of extra borrowing headroom has been allocated to 36 councils in England to support more than 3,000 new affordable homes in 2015-16 and 2016-17, building on that £2 billion of headroom that is there more generally.

We need a radical shift in the way in which the housing market supports young first-time buyers; otherwise, we risk condemning a whole generation to uncertainty and insecurity. The starter home initiative is part of that shift, and I am determined to ensure that by the end of this Parliament more people will have the chance to have a home of their own, delivered through our reforms. I hope that hon. Members, following the comments I have made, will feel able to withdraw their amendments.

Dr Blackman-Woods: Some of the Minister's comments were helpful. I look forward to getting more information about the proportion of starter homes that might be needed or are acceptable on the sites, and about how affordable housing will be defined and what will be included. That would help our deliberations as we progress through the Bill. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 65, in clause 2, page 2, line 6, at end insert—

“(d) lives or works locally, with the definition of local to be defined by the Secretary of State or, in London, by the Greater London Authority”.

This amendment would ensure that a proportion of starter homes are given to local people.

I will try to be brief as I think the amendment is fairly self-explanatory. *[Interruption.]* Oh, one would think that Conservative Members did not want any scrutiny of the Bill, but we will do our best to speed up. I think it is fairly clear.

A number of developers and local authorities have given evidence to the Committee suggesting that they are worried about how they will prioritise the people who should be given access to starter homes if, as we expect, demand in some areas will outstrip supply, especially in the short term. Therefore, they are looking to the Government to provide a set of criteria.

Under the amendment, the criteria would ensure that, in the first instance, starter homes would be made available to first-time buyers who are under the age of 40 and who are, crucially, living or working in the local area. As I have said, several organisations, and in particular Pocket Living, have raised that concern in evidence. I am sure Members will know that Pocket Living is a pioneer of the starter home, offering private one-bedroom apartments at 20% below market value. In written evidence, it echoed our key concerns about provision for local people, arguing:

“Local authorities will also be very resistant to local people on moderate incomes being squeezed out of housing by those with no local connection who could potentially afford to buy on the open market.”

A set of priority considerations in the starter homes regulations would help everyone to avoid those issues. The regulations should be simple and fair enough not to be a burden in the efficient administration of the sales process. The Minister will know that a number of organisations have raised questions about how the system will be managed locally, and about the need for an adequately-resourced body to see that the policy works efficiently and to provide oversight to ensure that it is the people who need help to get on the housing ladder who are helped by the starter home system. As the amendment is so clear and straightforward, I will leave my remarks there.

Brandon Lewis: There is a generation of young people in their 20s and 30s who face increasing challenges, as we have heard in past weeks and have no doubt seen in our constituencies. We need to ensure that more people can enjoy the benefits of home ownership, in the same way as their parents and our parents did.

I understand that housing markets differ across the country, but the aspiration to own a new home does not. Every first-time buyer under the age of 40 should have the same opportunity to buy a starter home. The problem affects an entire generation and it would be wrong to say that some people may not benefit from starter homes, or buy a home in a location that works for them, simply because they currently live or work elsewhere. They might, for example, currently be priced out of the neighbourhood of their choice, or they might be relocating for work or other personal reasons.

It is important for first-time buyers moving around the country—people's mobility is extending further and faster—that there should be a clear and consistent starter homes model. That will aid mobility and choice as jobs continue to change and grow and people move around the country for reasons linked to business and work.

Consistency is also important, so that our reforms and commitment to deliver 200,000 starter homes will be widely understood. That is particularly important for lenders—we touched on the subject of lenders earlier—and for developers. Setting differential requirements such as a local connection test as a matter of course would introduce complexity to the starter homes model, which could pose a risk for delivery. We do not want to introduce complicated local checks when we are facing a housing challenge and the need for a national crusade to build more houses.

Although I recognise that councils are already required to consider local housing needs when planning for housing, we are clear that every first-time buyer under the age of 40 should have the same opportunity to buy a starter home. That is a national priority to help a generation of people into home ownership.

4 pm

That said, I recognise that there may be exceptional circumstances where a local connection test could be warranted. In particular, as the Government's rural productivity plan highlighted in August, we want to see rural exception sites being used for starter homes to enable thriving rural villages to grow. A local connection test has long been a common feature of rural exception sites where opportunities for new housing supply are limited. We will be seeking views shortly on whether local planning authorities should have the flexibility to introduce a local connection test for starter homes being developed through that route where there is a clear justification for such a test as part of our forthcoming consultation on changes to national planning policy to support starter home delivery. With that assurance, I hope that the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: The Minister's response was extremely helpful and reassuring. It is good for us to know that where the product might need to be rationed, especially in the first instance, there will be sensible measures in operation. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 66, in clause 2, page 2, line 18, after “State” insert—
“after consultation with the relevant local authority or local authorities and the Mayor of London”.

The amendment would provide that the price cap can only be amended after consultation with the relevant local authorities and the Mayor of London.

The Chair: With this it will be convenient to discuss amendment 72, in clause 4, page 3, line 16, at end insert—

“after consultation and agreement with the relevant local authorities”.
The amendment would require that regional policy should only come into operation with the agreement of the local authorities affected.

Dr Blackman-Woods: The two amendments are grouped together because, in both of them, we raise an issue that I suspect we will return to in one way or another at various points in the Bill. Amendment 66 would alter subsection (8) to prevent the Secretary of State from changing a price cap without consultation with the relevant local authority or local authorities and the Mayor of London. We have tabled the amendment because it is dangerous for the Bill to give the Secretary of State the power to amend the price cap in regulations, without any parliamentary discussion if it is done in a negative instrument. The amendment would ensure that the change could take place only if it was sensible and in line with local market conditions as determined by the local authority, or range of local authorities if the matter crosses any boundaries, or the Mayor of London.

The amendment highlights two problems that we have with the Bill. First, much of the detail is subject to regulation, so we often do not know the detail of what we are talking about. Secondly, we have a huge problem with the number of centralising measures it contains. The amendments would do the same thing to clauses 2 and 4. They would simply alter slightly the transfer of power to the Secretary of State so that he could not make decisions to change things without referring to local circumstances.

A number of commentators have remarked on the extraordinary level of centralisation in the Bill, which refers huge powers to the Secretary of State to determine things such as what starter homes are, who first-time buyers are and what the price cap will be. It is perhaps all the more extraordinary because the Conservative party, at least in the past—one does not hear so much about this now—claimed to be in support of localism. Given that local authorities already have a responsibility to meet or plan for housing need in their area, we find it extraordinary that the Bill confers powers on the Secretary of State that would override all local considerations and local determinations of what housing need is and what a suitable cap is for a starter home. Given the way in which the Bill bypasses local authorities in the decision-making process, it also places huge burdens on them. I accept that this is not absolutely clear, but presumably local authorities will have to oversee starter homes. They will certainly have to ensure that starter homes do come forward, yet negotiation about the pricing of starter homes and the thresholds will be undertaken without any reference to them and local needs at all.

The measure is absolutely extraordinary. There is no rationale in the Bill, and on Second Reading neither the Minister nor the Secretary of State provided any rationale, as to why it is so centralising and gives so many powers to the Secretary of State over key aspects of the legislation.

Peter Dowd (Bootle) (Lab): Will my hon. Friend be at all surprised to learn that the Mayor of London fully agrees with her in his submission to this Committee?

Dr Blackman-Woods: I know the Mayor of London has made that submission. Indeed, it was partly as a result of his intervention in the discussion that I thought he might find it extremely helpful for me to include him in the amendments. Consultation about price caps and so on would have to take place not only with local authorities, but with the Mayor of London. Of course, it again begs the question of what will happen when we get greater devolution, because we will have a mayor for Manchester and a mayor for Liverpool. Is the Minister saying that, even though they will be directly elected mayors who have responsibility for housing in their area, their views about what the price cap should be or who should be defined as in need of a starter home will not be heard, and that the decisions will be whipped away from them and given to the Secretary of State without any opportunity whatever for the mayors to have a say in the process?

Given the advance of time, I will not go through the many examples of people who made representations to the Committee that we need to amend the power given to the Secretary of State to limit that to a smaller range of circumstances. If he is carrying out those responsibilities, we need amendments in the Bill or in regulations to say that that can happen only in consultation with local authorities or mayors and—this is a critical point—with the agreement of local councils or mayors, because they are the people who know best what is needed in their areas.

Brandon Lewis: Let me respond to both amendments by saying up front that I do not think that a statutory requirement to consult local government on the regulations that underpin the starter homes statutory framework is necessary. As Opposition Members know, statutory consultation requirements, even with the best of intentions, can create unnecessary delays and undue bureaucracy and undermine delivery. We need to get on with building the 200,000 starter homes that this country needs. I do not want house building to be paused because every time we need to make changes to the regulations, we have to consult and wait first. That would be unfair to developers, landowners and, most importantly, this generation of first-time buyers.

When having such debates, I find it ironic, as I did in the last Parliament, to hear Opposition Members talk about centralisation. As somebody who was a councillor, like the Under-Secretary of State for Communities and Local Government, in a council under a Labour Government, I know absolutely what centralisation feels like. The Bill moves more power, again, to local people and we will come to much of that later in the Bill.

Amendment 66 will require the Secretary of State to consult the Mayor and local authorities on changes to the maximum price cap for starter homes in clause 2. We are introducing a price cap for starter homes of £250,000—£450,000 in London—to ensure that our reforms are not abused. It is important that starter homes remain within the reach of the average first-time buyer. Earlier today, we outlined what the realistic price of those lower-level affordable homes can be. However, the cap is not an expectation of the going price for a starter home. We have aligned it with the maximum

threshold for the Help to Buy ISA to ensure consistency for first-time buyers. It is meant to withstand the passage of time so that developers, lenders and other interested parties all have certainty over the medium term.

In many areas of the country, I expect that the price will be significantly below the cap because developers know that starter homes are being exclusively built for young first-time buyers who are looking to get their first step on to the property ladder, and will price their homes accordingly. We noted that in the evidence session last week, where I was able to outline some ideas for prices in my constituency, as did other Members. We touched on that earlier today.

We will want the cap to be set at a level that will allow for flexibility in the type and size of housing delivered, whether in the constituency of my hon. Friend the Member for Burton, where a two-bedroom home is below £100,000 in a new build, or elsewhere. We are looking to ensure that the majority of starter homes are not created to be small units, perhaps not suitable for a young family, which is what a lower cap may mean. It could also result in the potential for some individuals to gain an unreasonable uplift in value when they sell on the open market.

I believe that it is right for the cap to be set nationally rather than locally. We need to ensure consistency with other Government products and provide a very clear product for developers and lenders. I accept, however, that there will be regional differences, which is why we have taken powers to amend the cap through regulations. I can assure hon. Members that we understand the need to have a cap that works fairly and clearly and we will want to engage with developers, lenders and local planning authorities if we decide to change the price caps in future. I am sympathetic to the points raised by the hon. Lady on working with local government to ensure that the proposals are responsive and reflective. I will look at that in the weeks ahead, before Report. In response to a direct question from the hon. Lady, the regulations for the price cap will be affirmative regulations.

Amendment 72 would require the Secretary of State to consult on the regulations that underpin the starter homes requirement on reasonably sized sites in clause 4, where different provisions are made for different areas. My Department will publish a technical consultation shortly on the details of the requirement to inform the preparation of the regulations. A key part of that consultation will be to seek views on the percentage of starter homes that would be expected on reasonably sized developments. I do not want to prejudge that technical consultation now, but I am clear that a one-size-fits-all approach to setting a regulation with a blanket requirement that blindly applies to all housing sites from Brighton to Berwick-upon-Tweed and all points in between, irrespective of local circumstances, will not work. The needs of Great Yarmouth are not the same as those of the south-west and Cornwall. That is why clause 4 gives the Secretary of State the power to set different requirements in different areas.

Equally, I do not expect the requirements to be set by an official sitting at a desk in Whitehall without any regard to local circumstances. I see the provision of starter homes as a joint endeavour, with central Government working closely with local government to deliver the starter homes our young people need and want, and which we should provide.

Peter Dowd: I welcome the Minister's tone, but I ask him to go further. Only yesterday, in Prime Minister's Question Time, the Prime Minister said:

"The great cities of Manchester, Birmingham, Liverpool—and soon to be Leeds, I hope—will benefit from these massive devolution deals, but if we devolve the power and we devolve the money, we have to devolve the trust and the accountability too."—[*Official Report*, 18 November 2015; Vol. 602, c. 671.]

That goes to the heart of what we are trying to say today, and I seriously hope he will take that into account.

4.15 pm

Brandon Lewis: The hon. Gentleman makes a good point about the importance of the devolution deals and the fact that they are about moving more and more power in decision making to the local level. However, devolution is not just about moving power from central Government to local government; it is about moving power into the hands of local people. Again, we will touch on some of those issues later in the Bill when we discuss driving neighbourhood planning further. The technical consultation that we will launch will give all local authorities, and indeed other partners, a chance to feed in their views. I will certainly seek to engage further with key partners on the details. With those points in mind, I hope hon. Members withdraw their amendment.

Dr Blackman-Woods: We are making some progress this afternoon; that was another largely helpful response. It is such an important matter of principle for us that devolution should be meaningful, and that local authorities should be given a real say. I was tempted to divide the Committee on this set of amendments, but having heard the Minister's response and bearing in mind that we await the technical consultation, which might have some of the details and further information about what will be in the regulations, which will be affirmative regulations, we will simply make the point to the Minister, for the time being, that we want a degree of local engagement. If that is reflected in what he introduces, it will be a good thing and will extend the devolution agenda. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 2 ordered to stand part of the Bill.

Clause 3

GENERAL DUTY TO PROMOTE SUPPLY OF STARTER HOMES

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

Stephen Hammond: I will make a short contribution on clause 3, in the attempt to find friendship with my colleagues. In his earlier remarks, the Minister clearly recognised the aspiration in 86% of people to own their own home. I rise to put on record a point that I have made to him in private. London is a city of 8.6 million. Most recent growth has been in the 25 to 35-year-old age group, and most of the predicted growth over the next 10 years will be in that same age group. As a London MP, I put on record my unreserved support for the Government's desire for more people to own their own homes, and my complete support for starter homes. It is also important to put on record the fact that in numerous discussions, the Mayor, the deputy Mayor and the Mayor's office have unreservedly supported the addition of starter homes to the Bill.

[Stephen Hammond]

The Mayor occasionally uses jovial remarks to make his point. If he were standing here today, he might make the jovial remark of the great Peter Cook and Dudley Moore about “not only, but also”. His point would be that not only should there be a duty to promote starter homes, but the Government should also consider a slightly wider point. The Minister will recognise the number of intermediate products there are in London, mainly coming through the Mayor’s First Steps scheme. The Mayor is justifiably proud at seeing 52,000 Londoners helped into homes since 2008, which is a record and an achievement to be proud of.

For many people, the shared ownership route has been a route to home ownership and there have been a wide range of providers and indeed funders of that route. Therefore, the key is not only to boost starter homes and home ownership but to recognise that there should not have to be a choice between starter homes and other forms of low-cost home ownership, because both London and the rest of the UK need both. I hope that the Minister will accept that point.

Brandon Lewis: I will touch briefly on that point. This clause will require all planning authorities in England, which for these purposes includes the Secretary of State, to promote the supply of starter homes when carrying out relevant planning functions. These functions include, for instance, preparing local plans, co-operating with neighbouring areas on strategic planning matters, and determining planning applications. The clause will apply to the Secretary of State, for example, when he determines called-in planning applications or recovered appeals.

This duty will mean that English planning authorities have a legal requirement to promote the supply of starter homes in their area to assist with their delivery and will ensure that starter homes are embedded within the statutory planning framework. However, as we outlined earlier, my hon. Friend the Member for Wimbledon makes a powerful point, not just in reconfirming the full support of the Mayor and his office for starter homes but in pointing out that these homes are an additional product. Yes, we are focused on wanting to see home ownership go up, but we are also focused on seeing housing supply continue to increase, and shared ownership is an important part of the toolkit that local authorities, developers and we in Government have to ensure that we drive that agenda of housing supply increases and home ownership increases over the next few years. I know that the Mayor’s office will be key, and I know that my hon. Friend the Member for Richmond Park (Zac Goldsmith) has already outlined his determination to continue to see shared ownership grow, while also ensuring that we deliver this priority of seeing starter homes for first-time buyers.

Question put and agreed to.

Clause 3 accordingly ordered to stand part of the Bill.

Clause 4

PLANNING PERMISSION: PROVISION OF STARTER HOMES

Dr Blackman-Woods: I beg to move amendment 71, in clause 4, page 3, line 15, at end of line insert—

“(5A) The regulations may provide that sites can be exempted from the requirement to promote starter homes where a site has a scheme that—

- (a) is a “build to rent” scheme;
- (b) contains supported housing for younger people, older people, people with special needs and people with disabilities;
- (c) contains a homeless hostel;
- (d) contains refuge accommodation; or
- (e) contains specialist housing.”

The amendment would remove sites from the starter homes requirement where other types of affordable housing have already been planned for.

The amendment would alter clause 4, so that sites could be exempted from the requirement to promote starter homes where they are delivering a scheme that is either a build-to-rent scheme or one that contains supported housing—for younger people, older people, people with special needs or people with disabilities—or where it contains a homeless hostel, refuge accommodation or other forms of specialist housing. In a sense, this amendment is returning, albeit in a much more specific way, to the theme that we have already rehearsed a few times today, which is whether the starter homes requirement will crowd out other forms of housing that might be needed in a local area.

Clearly, anybody who is providing supported housing for older people or younger people, or specialist housing for people with particular needs or disabilities, is already discharging a very important function for society and for the local community in building and funding that type of accommodation. We just wonder whether there would be huge viability issues for sites if they are trying to build specialist accommodation, for example bungalows that are accessible for people with disabilities or for older people, or if the local authority wants specialist or supported accommodation for younger people or for people fleeing domestic or other forms of violence as part of a planning gain.

This is a genuine concern. The Minister will know that a number of different organisations are terribly worried about the fact that, for example, women’s refuges are suffering dreadfully from cuts to local government funding. They have urged the Government,

“to take a step towards securing the long-term future of the network of specialist accommodative domestic violence services. It is essential this money is spent properly”,

so that refuges and the provision of refuges do not suffer because of the requirement.

Since 2009-10, there has been a huge rise—I gave the figures earlier—of 26% in the number of people who are homeless. This is a truly shocking picture, as is the rise in the number of people who are sleeping rough. My question to the Minister is, is it not just as important that a new development contains, or funds, a homeless hostel or specialist and supported accommodation for people with specific difficulties and issues? That set of needs should not be overridden by the desire for starter homes. The issue is probably one of viability, which is why we need to hear from the Minister in some detail about how section 106 agreements for this type of accommodation will be forthcoming when there will also be discounts for the starter homes initiative, and there may be CIL contributions for infrastructure and section 106 agreements to meet other needs.

We are hearing from a lot of developers—the Minister must be hearing this too—that the finances are simply not going to stack up. There will simply not be enough uplift in the land values across the country to be able to

ensure that the sorts of schemes mentioned in the amendment come forward through section 106 agreements. Is it the Minister's intention that hostels and supported housing for young people, and specialist accommodation for people with disabilities will be funded in another way? Will he guarantee that funding is available, so that there is no shortage of refuge places for women fleeing domestic violence or of supported housing places for young people? If so, that would be extraordinary because there is a huge shortage of those places at the moment. Indeed, local authorities are already finding it difficult to secure the accommodation needed to support young people.

The Minister seems to be incredibly interested in Durham. I will go and do a bit of work on Durham's budget and bring a bit of reality to the Committee about what Durham local authority is experiencing. It simply does not have the means to provide supported accommodation to young people in my constituency. It is a really desperate and growing need.

Peter Dowd: Actually, as the former leader of a council, I recognise the figures but I do not recognise the suggestion that those reserves are available. In fact, in my authority, we have up to £20 million set aside that we were required to set aside, which is included in those reserves, for land remediation to do the very things that we want to do in terms of building houses. So that is £20 million, my hon. Friend might like to know, that is set aside, that we cannot use, whether the Minister likes it or not.

Dr Blackman-Woods: My hon. Friend makes a pertinent intervention. As I said, the figures require further examination. I will do that in due course. The point I was making was that many local authorities are strapped for cash and look to their partners in housing associations and other specialist organisations to help them meet their housing need, particularly for vulnerable groups with special needs. It is not clear how those partnership agreements with developers and others will operate when they are working in a system that gives such priority to discounts for starter homes.

4.30 pm

I will say this again: we do not have anything against starter homes. We are anxious to ensure that when the starter homes system is in operation, it will still be possible for specialist accommodation to be delivered. We need to hear from the Minister in some detail how, if he is not able to accept the amendment, he will ensure that this sort of accommodation will continue to be provided for the people who so desperately need it.

Brandon Lewis: I found the intervention from the hon. Member for Bootle interesting. I hope his authority will get on with using the £20 million to get those houses built, because that is the point I am making. The hon. Lady talked about her own council, and it is a valid point; it is important that local authorities look at how they use their reserves that are not ring-fenced. Councils say they are struggling for income but have increased their reserves from £13 billion to £22 billion, so it is reasonable for people to want to ensure that money is being used for good things. What councils do with their reserves is a matter for them to decide locally.

Peter Dowd: I appreciate the point that the Minister is making, but I think it is a blunt instrument, and I do not think it is helpful to make a political point out of it

because, in my authority's situation, that is a figure that, following an agreement made when decent home standards were transferred, we have to set aside in the event of legacy remediation or contamination. So it is a big figure that, in reality, we have very little freedom to use. We would love to, but we cannot.

Brandon Lewis: The hon. Gentleman's authority might want to have a look at how much money it has got to set aside, that he says it wants to use but it cannot. Setting money aside for something you can never spend it on does not seem a very sensible thing to do. What the authority should be doing is looking at the reserves it has. Councils should have reserves that are appropriate, but the reserves that are ring-fenced to be spent on something, particularly if it is about providing ability and viability for new homes, I would encourage them to get on with that process.

As we all know, young people today are struggling to do something their parents and many of us took for granted: buy a home of their own. Since the early 1990s, the proportion of under-40s who are homeowners in England has declined by over a third. That is why the Government made a manifesto commitment to provide 200,000 starter homes by 2020. Meeting that commitment will require starter homes to be delivered on most conventional housing sites. We will set out the proportion of starter homes that we expect to be delivered on each site in regulations, and my Department will bring forward proposals in a technical consultation to be launched soon. A key part of that consultation will be seeking views on what sorts of exemption to the requirement should be allowed, and I do not want to prejudge the outcome of it.

I have sympathy with some of the points the hon. Lady made. I recognise that there will be some specialist housing where it would be inappropriate to require starter homes to be an integral part of the development, given design, property management and investment needs, so there will need to be exemptions to the requirement. Her amendment gives some examples that I sympathise with, such as purpose-built build to rent developments, which I have strongly encouraged—I will continue to encourage such institutional investment in our property market—where the financing model requires 100% rental, to provide certainty to investors. For those developments, we will have an issue not with the financial viability but the appropriateness on the particular site, so commuted off-site contributions may be more appropriate.

There are other forms of specialist housing—for example, accommodation for workers; the list goes on—that are not mentioned. That is why I want to consult on the detail and not rush into making a decision today. I do not think it is appropriate to take that decision before we have finished the consultation. With that in mind, I hope the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: We seem to be on a roll here, so I shall continue. I shall take the Minister at his word and assume that further down the line we will see more detail about the sites that will be exempted and the circumstances under which they will be exempt. His response was helpful, so on that basis I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 4 ordered to stand part of the Bill.

Clause 5

MONITORING

Dr Blackman-Woods: I beg to move amendment 73, in clause 5, page 3, line 28, at end insert

“which must be displayed on the authority’s website and updated annually”.

The amendment would require local planning authorities to report on their functions in respect of starter homes annually and to publish the report.

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

Amendment 74, in clause 5, page 3, line 28, at end insert

“and other types of affordable housing”.

The amendment would require local planning authorities to report on their functions in respect of affordable housing as well as starter homes.

Amendment 75, in clause 5, page 3, line 31, at end insert

“and to include information that starter homes remain to be sold at 20% below market value”.

The amendment would empower the Secretary of State to require local planning authorities to report information on starter homes that remain to be sold at 20% below market value.

Amendment 76, in clause 5, page 3, line 37, at end insert

“and to demonstrate that the land in question is not needed for employment, retail, leisure, industrial or distribution use”.

This amendment would empower the Secretary of State to require data on the extent to which land used for starter homes was not needed for employment, retail, leisure, industrial or distribution use.

Dr Blackman-Woods: This group of amendments highlights our concerns about the degree of control the Secretary of State will take over the monitoring that local authorities will have to carry out on the effectiveness of the starter homes policy. All the amendments make suggestions on how the arrangements could be improved, and we hope that they will be helpful to the Minister. We are concerned that so much power over monitoring will be put in the hands of the Secretary of State. We have seen elsewhere from this Government how vital bits of information that we need to assess policy have suddenly disappeared from public view. We want to ensure that information about the effectiveness of the starter homes policy will be available in a particular form for public scrutiny.

Amendment 73 would ensure that information about the number of starter homes provided in a local authority area will be published on the authority’s website and updated annually. The figures could be fairly meaningless to the local people who search for them if they are not put into some sort of context, so we would also like information to be displayed about the general housing need in the area. We would particularly like information on the delivery of all other sorts of public and affordable housing to be published online.

I shall give an example to demonstrate the point. In a given year, a local authority might produce 640 houses under the starter homes initiative, but no houses at all for social rent. We think that local people should know that, because they can then question why no houses are available for affordable rent. Indeed, they might want to think about whether the starter homes initiative is the only one that is applying locally.

There are positive elements to the scheme, as well as disbenefits. It is important that the local authority uses its website to promote starter homes. As many people as possible should know about the initiative and as many people as possible who can take up the opportunity should be able to, but they must also be able to understand what is happening in their local housing market. That is the purpose of amendments 73 and 74.

Amendment 75 would ensure that the local authority collects and puts into the public domain information about whether starter homes are actually being sold at 20% below market value. There would have to be information to demonstrate that clearly to the local population, so, again, the local authority would need to publish starter homes information and the amounts of money the homes were being sold for within the context of local housing market conditions. Again, that is a useful check on the policy to ensure that it is doing what it is supposed to do, that it is providing homes for people who are seeking to get on the housing ladder at below market value, and that we do not get a gradual creep up above market value as the policy progresses.

4.45 pm

Finally, amendment 76 would require local authorities to demonstrate that land put forward for starter homes development is not needed for some other significant use, such as employment, retail, leisure, industrial or distribution. Many commentators expressed concern that, in the drive to meet the starter homes target, local authorities will use land that should be used for other purposes that, critically, would support the necessary infrastructure to turn developments into thriving communities where people want to live.

The amendments are, in a sense, two-pronged. They seek to specify in the Bill that local authorities should make information about the effectiveness of the policy available, so that it is not all left to the Secretary of State, and that information about starter homes is put into a wider context.

Brandon Lewis: Clause 5 requires English local planning authorities to prepare reports about the actions that they have taken under the starter homes duties in chapter 1 of the Bill. The Government’s current proposals strike the right balance—they give communities the information that they need and, essentially, avoid creating an overly bureaucratic process. I am absolutely clear that local communities, particularly first-time buyers, must be aware of the action that their local planning authority is taking to promote the supply of starter homes and the clause will deliver that as it stands.

Amendment 73 would require local planning authorities to report annually and to publish those reports on their websites. Clause 5(4) already provides that an authority must make its reports under this section available to the public. The clause also provides that the Secretary of State may make regulations about the timing of the reports and whether they should be combined with the local authority’s authority monitoring report, which must already be published at least on an annual basis. We do not want to introduce unnecessary burdens, and it would be sensible to combine reporting with the existing requirement.

Amendment 74 would require local planning authorities to report on their functions in respect of affordable housing as well as starter homes. Local planning authorities

are already required to do that. They must report on the extent to which their planning policies are being achieved through their authority monitoring reports. That is a statutory requirement in regulation 34 of the Town and Country Planning (Local Planning) (England) Regulations 2012, which includes a specific requirement for a local planning authority to report on its affordable housing delivery performance against adopted planning policies. Both amendments 73 and 74 are therefore unnecessary and are already covered by the current legal framework.

Amendment 75 would require local planning authorities to report on the number of starter homes that remain to be sold at 20% below market value. Clause 2 provides that the Secretary of State can place restrictions through regulations on the sale and letting of starter homes, as we discussed earlier. Such restrictions on the sale or letting of a starter home at open-market value are likely to be for a period of five years. Starter homes will not be restricted in perpetuity as long-term restrictions make it more difficult for the first-time buyer to sell and move up to a larger home as their family needs change and grow. We want people to have a permanent place in the property market that evolves to suit their needs.

Therefore, amendment 75 does not reflect our central proposal for a starter home and reporting on the requirement would cause confusion. It is essential that we have a consistent set of scheme rules so that builders, lenders and, importantly, first-time buyers all have the same expectations of a starter home wherever and whoever they are. That will help to deliver on our manifesto commitment of building 200,000 starter homes over the course of this Parliament.

Amendment 76 would require all local planning authorities to report in detail about the appropriateness of all sites where starter homes are proposed. In particular, it asks local authorities to demonstrate that the sites were not otherwise needed for employment, retail, leisure, industrial or distribution use. The burden would fall on starter homes proposed on exception sites, as they use land that has not been previously allocated for housing. We see exception sites as playing a crucial part in delivering starter homes by providing communities with a stock of new and cheaper land that can be used to build the housing they desperately need. Because the land tends to have a lower value, it helps to improve the viability of starter home developments.

Let me be clear: this is not about building houses at the expense of all other types of use; it is about releasing land where there is no reasonable prospect of its being used for its original purpose. If there is a disused former garage site in a town, surely we all want it to be used to build new housing rather than sit there disused. We expect local authorities to be proactive in identifying and publicising exception sites. Where applications for starter homes are made, local authorities must be prepared to give planning permission. The intention behind the new duty to promote starter homes in clause 3 is to encourage local authorities to do just that.

Before local authorities grant permission, they will need to assure themselves that the brownfield land is an exception site and, in particular, that it is underused and unviable in its current land use. I believe that local authorities are capable of taking that decision without the Government's looking over their shoulder. For that reason, I think that amendment 76, which would require

all local planning authorities to report in detail about the appropriateness of sites, is unnecessary and overly bureaucratic.

I return to what I said at the start. What matters in terms of reporting is that people have the information they need about the number of applications for starter homes that have been made and how many have got permission, and we should not create a burdensome reporting system to check every decision a local authority takes. I believe that the clause as drafted provides that information. With that assurance, I hope the hon. Lady will withdraw the amendments.

Dr Blackman-Woods: I think our roll has come to a shuddering standstill.

We tabled the amendments largely as probing amendments because there is so little information in the Bill about how the monitoring will be carried out. Although it says that reports will be available to the public, it does not say how they will be made available, how often they will be available, in what form they will be published and whether they will be on authorities' websites. The Bill gives the Secretary of State powers to outline the reports' form, content, timing and so on.

Presumably, at some point we are going to see a set of regulations. Perhaps we will have to postpone some of the detail of this discussion until we see that. Our plea to the Minister is that he makes the information readily available to people. It should probably be made available on an authority's website because that is how most people access information these days—not everyone, but most people. It needs to be available in other ways too, and it needs to be put in context. With that, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 5 ordered to stand part of the Bill.

Clause 6

COMPLIANCE DIRECTIONS

Helen Hayes: I beg to move amendment 78, in clause 6, page 4, line 10, at end insert—

“(6) Before issuing a compliance direction, the Secretary of State must take account of any local housing and planning documents based on an assessment of local housing needs.”

It is a pleasure to serve under your chairmanship, Sir Alan. There is a long-established principle that both planning policy and planning application decisions should be taken within a national framework in the context of considering local need. The coalition Government prioritised localism through neighbourhood planning and objectively assessing housing need. The Bill imposes a new obligation on councils in relation to starter homes, with absolutely no regard to objectively assessed local need. The new obligations do not cover other forms of affordable housing.

The Minister said a number of times that he sees starter homes as part of the mix. The Opposition support that, but it does not make sense, in that context, that such strong duties are being imposed on local authorities, in relation to starter homes, with no comparable measures to protect any other form of housing. Local need varies dramatically across the country. In each of my two boroughs, 20,000 people are on the waiting list for a council home. We have heard witness after witness query the lack of local discretion in the Bill for individual local authorities, and that is what the amendment would address.

[Helen Hayes]

Turning to some of the evidence we have received, the respected voluntary sector organisations Shelter and Crisis said that in most parts of the country, lower-income households would not be able to afford starter homes. They said that starter homes will primarily help couples without children and those on average or above-average salaries. They will be inaccessible to families on or below the Government's national living wage in all but 2% of council areas. For single people on average wages or lower, only six local authority areas will have affordable starter homes.

The Home Builders Federation states:

"There is potential for market distortion if the numbers of Starter Homes that ministers are targeting to be built actually come onto the market. The effect is likely to be highly localised and could impact upon the saleability of units on new sites".

The Royal Town Planning Institute states:

"Now not only is social rent and shared ownership potentially driven out and replaced by starter homes up to £250,000 in price, but this appears to be obligatory and not open to local negotiation. This lack of discretion may affect delivery."

PlaceShapers states that it supports measures to increase home ownership

"but do not believe that this should be at the expense of those who also aspire to get on in life but are unable to afford to buy a home of their own."

It believes that it should be left to the relevant planning authority to make decisions as to the mix of new homes.

All those comments are from respected organisations across a range of sectors saying that there is a need for more local discretion. The amendment would give local authorities a necessary safeguard by requiring the Secretary of State to take account of local need before issuing a compliance direction. That would help to ensure that the Government and the local authority are considering the same housing needs assessment and would give a safeguard that all types of tenure—the Minister says that he believes in all types of tenure—can be supported.

If local needs are overridden by the Government, the consequences will be serious. A reduction in the supply of homes for those on lower incomes risks exacerbating unaffordability and increasing the housing benefit bill. Combined with the housing benefit cap and the lack of regulation in the private rented sector, it will lead to an increase in homelessness. London already houses 49,000 households in temporary accommodation at considerable cost to the public purse. Without the amendment, which would create a safeguard that local needs would be considered, there is a considerable risk that the Bill will deliver new homes while ignoring the needs of those with the greatest housing need. That will make the housing crisis worse and cost the public sector more.

Without the amendment, there is also a significant democratic deficit. In London, borough planners have to take account not only of their local plans, but the London plan. All of that can be trumped by the new national-level requirement that is not subject to examination through a local plan process. How can the Minister be sure that Whitehall will know what is best in each locality and housing development? I do not think that he can. The amendment simply seeks to ensure that the new homes that are delivered, whether they are to rent or to buy, meet local needs.

The Minister has stated that the mix of tenures, among other things, will continue to be a negotiation between the developer and the local authority. If he is not willing to support the amendment, will he please explain how that will be the case? How is the Bill compatible with localism? How will the Bill not result in a reduction in the social housing provided for those in the greatest housing need?

Brandon Lewis: Clause 6 provides for a compliance direction if a local authority is failing to comply with its starter homes duties. Where the council has a policy in a local development document that is incompatible with the starter home duties, the direction would say that that policy must not be taken into account when certain planning decisions are taken. The hon. Lady gave some figures and details that we heard in evidence from Shelter last week. We outlined after that session, and earlier today, that the figures for new build homes in constituencies around the country simply do not stack up to back that argument.

The compliance direction must set out the Secretary of State's reasons for making the direction and must be published.

It is important that we deliver the starter homes so that people have an opportunity to buy a home of their own with the 20% discount. That will open up home ownership to a new range of people who aspire to own their home but have been locked out of the market probably for the best part of a decade now.

We have considered carefully how best to frame the compliance direction. The new statutory duty on councils to support starter homes should have teeth, otherwise it will not deliver the housing opportunities for first-time buyers that are so badly needed. We want to ensure the compliance direction presents a strong incentive to councils to support the delivery of starter homes, but we also want to ensure that local plans continue to shape planning decisions for an area. We want local plans by, for and with local people.

As drafted, the direction would act on a policy or part of a policy that is being used to prevent delivery of starter homes. The remaining planning framework for the local plan would remain in force. Communities will continue to shape development in the area, and this is a reasonable and balanced approach. The direction would not act on a neighbourhood plan policy or a London plan policy. I want to reassure hon. Members that it is our firm intention that the compliance direction is a backstop provision. It would rarely be used, but it can act as a strong incentive to deliver. There are other examples of planning law where a sanction exists to act as an agent of change, but it is used sparingly.

The planning performance regime, introduced in the Growth and Infrastructure Act 2013, has already driven quicker decisions on applications for major development, from 57% to 76% in 2015. Only three councils have had to be designated, two of which have already been lifted out of that category as performance has improved. I want to reassure hon. Members that a compliance direction would be issued only after very careful consideration of the evidence by the Secretary of State. Councils must report on their actions to support starter home delivery under the requirements in clause 5. This will be core evidence, but there will be the opportunity for councils to submit further evidence to the Secretary of State. Any exceptional circumstances could be considered at this point.

The hon. Member for Dulwich and West Norwood spoke to her amendment to require the Secretary of State to take into account planning documents based on an assessment of housing needs. The local plan will contain valuable evidence on housing need. As plans are updated, we would expect the evidence to consider the needs of first-time buyers. Up to date, the Secretary of State could choose to take such evidence into account. However, this sanction is about the statutory duty to promote the supply of starter homes. We will set out clear guidance as to how councils should work to fulfil this duty, but this is not a negotiable ask; it is a clear legal requirement to support starter homes for first-time buyers. If we are to achieve a real difference for first-time buyers—the step change we need and want to see—we must ensure all locations do everything they can to deliver those homes for first-time buyers at a rate they can afford.

The Secretary of State should have discretion as to what evidence is considered. If there is overriding evidence that the council has done everything it can to comply with the starter homes duty, but has not been able to deliver, that could be taken into account. The element of discretion is necessary to ensure we have an effective and operable sanction. I hope that with that assurance the hon. Lady will withdraw her amendment.

Helen Hayes: I thank the Minister for his response. However, I find it astonishing that he appears not to be listening at all to evidence from a range of very respectable organisations that are all involved in the delivery of

housing and deeply concerned about it. Councils across the country, including London Councils, which has given its support to the amendment, are deeply worried about the compliance direction. They are particularly worried about its use in order to trade off the needs of one type of housing need against another type of housing need.

Dr Blackman-Woods: My hon. Friend is making a powerful point. Drastic action could be taken by the Government, which is likely to ensure that local authorities, in seeking not to be subject to a compliance direction, will indeed prioritise the delivery of starter homes above everything else. That is our concern.

Helen Hayes: I thank my hon. Friend for her intervention. She makes a very powerful point. I would like to return to the amendment as we progress through the Bill, because it seeks a simple assurance that local democracy will be the overriding consideration in the delivery of housing across all layers of decision making on housing. I beg to ask leave to withdraw the amendment, but I will not hesitate to come back to the matter at a later stage.

Amendment, by leave, withdrawn.

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

5 pm

Adjourned till Tuesday 24 November at twenty-five minutes past Nine o'clock.

