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Public Bill Committee

HOUSING AND PLANNING BILL

Twelfth Sitting

Thursday 3 December 2015

(Morning)

CONTENTS

CLAUSE 74 under consideration when the Committee adjourned till this day at Two 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) | |
| † Jackson, Mr Stewart (<i>Peterborough</i>) (Con) | Glenn McKee, Katy Stout, <i>Committee Clerks</i> |
| † Jones, Mr Marcus (<i>Parliamentary Under-Secretary of State for Communities and Local Government</i>) | |
| † Kennedy, Seema (<i>South Ribble</i>) (Con) | † attended the Committee |

Public Bill Committee

Thursday 3 December 2015

(Morning)

[MR JAMES GRAY *in the Chair*]

Housing and Planning Bill

11.30 am

The Chair: I welcome the Committee back after Tuesday's exertions, from which I hope you have all recovered, to begin detailed consideration of chapter 4.

Clause 74

MANDATORY RENTS FOR HIGH INCOME SOCIAL TENANTS

Dr Roberta Blackman-Woods (City of Durham) (Lab): I beg to move amendment 199, in clause 74, page 30, line 4, at beginning insert "Subject to subsection 1(A)".
See amendment 200.

The Chair: With this it will be convenient to discuss amendment 200, in clause 74, page 30, line 6, at end insert—

"(1A) The Secretary of State must not make regulations under subsection (1) which apply—

- (a) to people aged over 65,
- (b) to people who have a registered disability,
- (c) to people on zero hours contracts,
- (d) to people with seasonal contracts of employment,
- (e) to households where one or more members is in receipt of Employment and Support Allowance,
- (f) where a household member is in receipt of care,
- (g) where a member of the household is a carer for another household member,
- (h) to those living in supported housing, or
- (i) to households in receipt of housing benefit."

The amendment would establish exemptions from the application of high income rents system.

Welcome back to the Chair, Mr Gray. Amendments 199 and 200 bring us to one of the most contentious and difficult parts of the Bill. The Minister will be well aware of how contentious it is because he has had a 38 Degrees campaign against it directed at him. Chapter 4 is rather euphemistically entitled "High income social tenants: mandatory rents", but the rest of us, using everyday parlance, would understand it as "pay to stay".

The concept has been with us for quite some time. Interestingly, the coalition Government carried out a consultation exercise in 2012 on whether housing associations and other social landlords in England should be given discretion to charge market or near-market rents to tenants with an income of £60,000 or more a year, arguing that high-income families should not pay social rents, which are typically half the market rent, when they could afford to pay more. The discretionary scheme was subsequently introduced, but there was not a huge response from housing associations. Given the results of that consultation, which I just happen to have

in front of me, it is quite extraordinary that the Government went ahead and introduced the discretionary scheme. Only a quarter of respondents actually agreed with the principle of pay to stay; in fact, those who responded thought the policy would create administrative burdens, be excessively costly for landlords, involve difficulties in identifying tenants with high incomes and be difficult for tenants, particularly if they had fluctuating incomes.

People had a lot of sensible, well thought through reasons for saying that there could be an element of discretion somewhere, but that the thresholds should be high and that the existing system of setting rents within a national framework, albeit with some degree of flexibility, was the right approach, while mandatory higher rents at certain thresholds were perhaps not.

Mr Stewart Jackson (Peterborough) (Con): For the record and for greater clarity, will the hon. Lady confirm the position of Her Majesty's loyal Opposition on the principle of a £60,000 cap, which was consulted on? That is twice the average income in my constituency. Is she in favour of directing scarce public resources at people on low incomes, or at those who can clearly afford to pay market rent?

Dr Blackman-Woods: I already almost answered the hon. Gentleman in my previous statement, but I will reiterate it in a moment. I remind him that the purpose of the Committee—I am sure you will correct me if I am wrong, Mr Gray—is to scrutinise the Government's legislation and the consultation document in front of me, not to scrutinise the Opposition's position. As I outlined a moment ago, our position is very much that the system in place at the moment, with a national framework for rent setting that gives discretion to housing associations and local authorities to charge higher rents should they wish to, and to set rents at a level that makes sense for them, including for tenants with an income of more than £60,000, is the right approach. I hope that answers his point.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Is this not another example of the Conservative party's regulatory zeal? Here are institutions in the private sector being told that nanny, in the form of the Minister, knows best.

Dr Blackman-Woods: Indeed. As we will discuss under later amendments, this part of the Bill sets up a whole new bureaucracy and a whole new quango, and greatly adds to the administrative burdens on not only housing associations but local authorities, which is extraordinary given that they are having their budgets cut so substantially.

Chris Philp (Croydon South) (Con): The hon. Lady says that few housing associations are using the voluntary powers they already possess to set higher rents. Does she not agree with the principle behind the clause, which is that people on higher incomes should either be charged more or find other accommodation, so that this scarce resource—social rented housing—can be concentrated on the people who need it most?

Dr Blackman-Woods: I have answered the hon. Gentleman's point more than once this morning. I remind him, his hon. Friends and the Minister that the Government consulted on this scheme; they consulted

people who know something about running housing associations and local authorities, and only a quarter of the respondents agreed with the principle of very high earners who live in taxpayer-subsidised housing paying higher rents. Government Members have to engage with that point.

Only a few respondents to the consultation agreed with even a discretionary scheme. The consultation, in case Members are not aware, was on higher rents being charged at income levels of £60,000, £80,000 and £100,000, and even at those levels most people thought there should not be a mandatory scheme, but that it should be left to the discretion of social housing providers.

Mr Thomas: Is not a further problem with the Conservatives' plan to impose yet more red tape on businesses in the housing association world the risk of pay to stay leading in some cases to a higher housing benefit bill and increased homelessness?

Dr Blackman-Woods: My hon. Friend's point is completely accurate. Many commentators are very much against the scheme in principle and because it does not make a great deal of sense economically. We understand the context of the clause and this part of the Bill: the Government want to establish a rent regime where people on incomes of, initially, £60,000 or more would pay higher rents. However, the measures in the Bill go further than that.

Kevin Hollinrake (Thirsk and Malton) (Con): I am confused about the hon. Lady's personal view. Does she not feel that the public might reasonably expect social housing providers to check if the people living in those taxpayer-funded houses are able to move into full market value homes and therefore reallocate those much needed resources to people who need that support? Does she feel that is a reasonable position?

Dr Blackman-Woods: I am certain that I have already said at least three times this morning that there already is a discretionary scheme in place that allows local authorities and housing associations to do that, and that we think that is the sensible way forward.

If I could come back to what is in the proposed legislation that we are scrutinising—

Kevin Hollinrake: Will the hon. Lady give way?

Dr Blackman-Woods: I will give way to the hon. Gentleman later, once I get through this argument. We are scrutinising this proposed legislation.

Interestingly, there was a consultation that showed no support for a package of measures, but now we have a set of more extreme measures in the Bill. The provisions of chapter 4 give the Secretary of State regulation-making powers to set out a lot of detail: specify the level of rent payable by a high-income tenant; provide that the level of rent may be different in different areas and for tenants with different incomes; require the landlord to have regard to guidance issued by the Secretary of State; define what is meant by a high income and how it will be calculated; give registered providers of social housing the power to require tenants to provide information or evidence of their income, with failure to provide that

information perhaps resulting in the landlord charging the tenant a market rent; give registered providers of social housing the power to increase rents in line with regulations; and require local housing authorities to pay any estimated increase in income as a result of rent regulations. I could go on but, basically, huge powers are to be given to the Secretary of State to get directly involved in the operational management of local authority housing departments or housing associations. That does not seem to me a very localist approach or one that shows much confidence in our registered social housing providers.

I will give way to the hon. Gentleman before going on to discuss amendments 199 and 200.

Kevin Hollinrake: The hon. Lady heard evidence from housing associations clearly stating that they were currently not using the opportunity to establish whether people in these houses could afford to move to a full market value home.

11.45 am

Dr Blackman-Woods: The point housing associations were making, I think, was how difficult it was to get some of that information. It is interesting to question why the proposed thresholds are so much lower than the thresholds that were in the original consultation document. Last month the Government introduced a further consultation document on the new thresholds of £40,000 a household in London and £30,000 outside London. Part of the reason for the lower thresholds, I suspect, is that not many people on very high incomes live in social rented housing. Presumably, at some point in our discussions on this part of the Bill, the Minister will explain to us why the Government have consulted on much lower thresholds than were in the original consultation document.

Peter Dowd (Bootle) (Lab): Is my hon. Friend aware that the Association of Retained Council Housing has said that the unresolved practical difficulties are likely to complicate things further, and that the administrative process will not justify the likely income?

Dr Blackman-Woods: Indeed. That is a succinct critique of the whole scheme in one sentence.

Andrew Griffiths (Burton) (Con): Can I give the hon. Lady another succinct example? I draw her attention to a report in the *Evening Standard* from April 2012 about the fact that former Labour Cabinet member Frank Dobson was paying £160 a week to live in a £1 million housing association property. Is he the kind of person the Labour party wants to support these days?

Dr Blackman-Woods: I thought we were seriously scrutinising a piece of legislation. We are looking at the impact of this part of the Bill. We know that the £30,000 threshold that the Government want to introduce is barely more than their new national minimum wage. That is extraordinary.

Andrew Griffiths: Will the hon. Lady give way?

Dr Blackman-Woods: If the hon. Gentleman is just going to reiterate his previous intervention, I am telling him what I think of it.

Andrew Griffiths: I assure the hon. Lady that I am not. I am interested to hear the Labour party's position on this matter. If she thinks that £30,000 is too little, can she tell us what is the correct amount at which people should begin to pay a fair rent?

Dr Blackman-Woods: For about the fifth time this morning, there is a discretionary scheme in operation.

Mr Thomas: Say it slowly to help them.

Dr Blackman-Woods: Perhaps I will say it again. A discretionary scheme is already in operation, and local authorities and housing associations are able to reflect local circumstances and apply high rents where they deem it appropriate. That is a sensible way forward.

Mr Jackson: I have listened to the hon. Lady's dulcet Ulster tones all morning, but we have not made much progress. To reach a consensus in our scrutiny of the Bill, we must understand Her Majesty's Opposition's benchmark. She prayed in aid evidence from housing associations and said that only a quarter of them backed the proposal, but what is her policy? In principle, would she have supported a cap of £60,000? With all due respect, she has failed to answer that straightforward question for the past 25 minutes.

Mr Thomas: Say it even more slowly.

Dr Blackman-Woods: I am not going to detain the Committee by saying it again. I will move on.

Mr Thomas: Before my hon. Friend does, will she give way?

Dr Blackman-Woods: Very briefly, and then I want to make progress.

Mr Thomas: I am sure my hon. Friend has seen the Chartered Institute of Housing's briefing, so she will be aware that those in receipt of the Chancellor's proposed living wage—say, those on the living wage in Burton or Peterborough—will by 2020 be earning more than the current threshold in the Bill for a high-value social tenant. Therefore, someone on the living wage will have to pay the higher rents. That is surely another sign of the madness of this provision.

Dr Blackman-Woods: To answer my hon. Friend directly, I have been sent the briefing. The point I was making a few moments ago was that the household income threshold of £30,000 outside London seems extraordinary to many people, given that it will capture people on the new minimum wage in a few years' time. The position that the Government have taken seems extraordinary.

Because of the difficult position that lots of people will find themselves in, amendment 200 would exempt different categories of people from having the mandatory higher rents attached to them. Such rents should not apply to people over the age of 65, to people who have a registered disability, or to people on zero-hours contracts. That is particularly important because a lot of housing

associations and local authorities have explained to us that one of the real problems they have with their tenant base is that people are increasingly on zero-hours contracts. They have a fluctuating income from week to week, so it is difficult to assess what their annual income would be.

Indeed, we will have to await regulations from the Secretary of State to find out how income will be taken into account, so we are not even sure at the moment what time period the £30,000 threshold will apply to. If in any one week in a year somebody is to have earned an income level equivalent to £30,000, even though they get that income level only for one week, will that be taken into account? Will they be charged a higher rent for that week? We will come back to that issue as we discuss this part of the Bill.

Similarly, what about people who have seasonal contracts of employment? They might earn all their income within a five or six-month period. Will the income be assessed on the whole year or on the months when they earn that amount? We simply do not know the answers to those questions. Also, will the threshold apply when a member of a household receives employment and support allowance, because of the triggering of housing benefit payments, or is in receipt of care? I am sure all hon. Members have received the written evidence from housing associations that have asked whether care costs will be removed from the overall income before it is assessed for higher rent payments. The answer is that at this point we simply do not know, so will the Minister tell us whether there is any intention to do that?

If one member of a household is a carer for another, will they have to pay the higher rent level, even though they are probably saving the state a lot of money by caring for that person rather than having them put into a residential care facility or getting some other form of care and support? Should the higher level apply to those living in supported housing, and to households already in receipt of housing benefit? If so, this measure will simply increase the level of benefit that they receive. To say that that is a bit mad is probably putting it politely, but it certainly is not sensible policy making to introduce a measure that will increase rent and then put that rent into the public purse.

Mr Thomas: Does my hon. Friend have any information about whether the Government intend to allow an appeals process under the scheme? I can imagine a situation in which a housing association approaches HMRC seeking information about the income of someone on a zero-hours contract, and HMRC simply provides income details for the last 12 months that it has available. However, that person's income might be substantially less in the current rental year period than in the previous year, due to their zero-hours contract. A housing association would seek to charge a rent, and the tenant might want the right of appeal. Are we still in the dark as to whether such an appeals process will be available?

Dr Blackman-Woods: I hope to discuss that later in our deliberations.

Before I finish talking about amendment 200, it might help the Committee to focus on the real issues if I briefly quote from a letter to a housing association:

"The person for whom I care is now severely disabled and chronically sick. He was diagnosed with a crippling, degenerative illness at the age of 17, but worked all his life... He now requires two carers, so that we can look after him virtually 24/7... He worked

very hard despite his medical problems and finished his career as a business unit manager with 204 staff spread over seven locations... He chose to stay in his flat in central London as it was close to his job and, through his hard work, built up a pension, which, in normal circumstances would be adequate. Now, however, because, at his income level, he does not receive help from the council, his pension is mostly spent on his carers and supplies which the NHS is unable to provide. Pay to Stay takes no account of these personal circumstances and does not recognise that, though his gross income will be just about £40k in 2017, more than half of that goes on his carers. I deal with all aspects of his life now, including his finances, and I know that, even though he is no longer able to pay to his carers the 'going rate', he is left, after tax, on a four figure income which is at poverty level. This is a problem that is bound to be faced by hundreds of disabled people at this income level."

This part of the Bill will make people with real difficulties face that set of circumstances. Why does the Minister think that is appropriate? Many other examples have been provided, but I will not go through them—that one case sums up exactly the difficulties posed.

Mr Jackson: I rise to speak against amendments 199 and 200. I am unsure whether the hon. Lady did herself many favours by referencing 38 Degrees in her opening comments. Thankfully, we make decisions about legislation based on the merits of the debate rather than on what cyber-warriors on 38 Degrees might decide is a good campaign.

Dr Blackman-Woods: Will the hon. Gentleman give way on that point?

Mr Jackson: That was quick. I will give way to the hon. Lady.

Dr Blackman-Woods: I hope that the hon. Gentleman recognises that I did not make any comment at all about the nature of the campaign. I merely pointed out to the Committee that the measures in this section of the Bill are so contentious that there is a 38 Degrees campaign against them.

Mr Jackson: I thank the hon. Lady for clarifying that. While we are on the subject of harassment and cyber-bullying, I want to put on the record my admiration for those Labour MPs who did the right thing for their country yesterday, including the hon. Member for Harrow West, although it clearly will not have done his career a lot of good.

The Chair: Order. That remark does not relate at all to our debate this morning. Perhaps the hon. Gentleman can confine his remarks to the Housing and Planning Bill.

Mr Jackson: Thank you, Mr Gray. May I begin by saying—

Mr Thomas: On a point of order, Mr Gray. May I just clarify for the record that I am equally proud of my Opposition colleagues who went through the opposite Lobby?

The Chair: That is not a point of order.

Mr Jackson: Thank you, Mr Gray. I shall endeavour to make progress.

The amendment should of course be seen in the wider context of the Government's commitment to making work pay and the progress towards universal credit, which will achieve that commitment and has a degree of cross-party consensus. The Chancellor's announcement in the July Budget of a 1% reduction in rents for housing association tenants will also have an impact on many tenants' disposable income.

12 noon

The important thing about the amendments is that they do not really take account of the situation outside London. I speak as an eastern region Member of Parliament. Until recently, as I have said, Peterborough had the second lowest house price increase—Nottingham had the lowest. The point is that the difference between market and social rent is negligible, to all intents and purposes. I speak as someone from an area that has a good registered local provider—a very good housing association—in Cross Keys Homes, which is headed by an excellent chief executive, Claire Higgins.

Peter Dowd: I was going to raise that point later. If the difference between the two markets is so negligible, what is the point of putting such significant administrative burdens on local authorities, whose budgets have been cut so dramatically—by up to 50%? What is the point of or rationale for the proposal?

Mr Jackson: The hon. Gentleman pre-empts my comments. That point will become clearer as I progress in my remarks. The key point is that there is confusion about whether the Labour party agrees with the principle of the threshold, despite the hon. Member for City of Durham having been challenged about that, I think, five times. If it agreed with the principle that a £60,000 threshold would be right, we could reach some consensus about the right lower figure to put in the Bill. I think that was a reasonable challenge, and she failed to rise to it. She did not answer the question clearly, other than to quote what housing associations thought when Conservative Members had challenged her specifically about what she thought.

If Her Majesty's Opposition agreed with the principle that people who have the wherewithal should pay a higher market rent to divert scarce resources to people on low incomes, who are the bedrock of the country—blue collar workers who get up in the morning, get their kids ready for school and do the right thing, who live in social housing and need our help—I think we could establish a consensus, which we do not have at the moment.

Peter Dowd: In that case, would the hon. Gentleman agree that Her Majesty's Revenue and Customs, for example, should inform local authorities directly of the earnings of people living in that accommodation?

Mr Jackson: No. The hon. Gentleman must understand that the amendment is effectively a wrecking amendment to the proposals. Irrespective of whether the cap is £40,000 in London or £30,000, or whether in the normal course of events, as often happens with regulation and guidance, it is eventually changed through secondary legislation, he must know that it is a bit rich to say that there is an onerous bureaucratic burden on housing associations in finding out their tenants' household income. Incidentally, they did not struggle that much to

[Mr Jackson]

fight quite rigorous and robust campaigns against the so-called bedroom tax, with all the figures at their disposal, which they shared regularly with the media. However, we are now told that it is too difficult for them to find out about those financial circumstances.

The requirements in the amendment are onerous and extremely bureaucratic. To check and cross-reference with the Department for Work and Pensions database—

Peter Dowd: Will the hon. Gentleman give way?

Mr Jackson: I am just getting into my flow but, as the hon. Gentleman is agreeable, I will give way to him.

Peter Dowd: Does the hon. Gentleman agree that the bedroom tax had nothing to do with tax per se? It had to do with the bedroom for which the person had to pay—their income was irrelevant.

Mr Jackson: The hon. Gentleman cannot very well pray in aid the autonomy, authority and independence of housing associations in what is a voluntary scheme and then say, “Well, actually, you can’t trust them to check their own tenants, so let’s hand it all over to Her Majesty’s Revenue and Customs.” He cannot have it both ways. If they want to be independent and focus their scarce resources—we all agree on that, so there is a consensus—on the most needy of their tenants who require that assistance, then, frankly, and this is a wider issue, they have to raise their game.

However, if we look at amendment 200, we see that it refers to

“people aged over 65...people on zero hours contracts”.

How can we possibly police people on zero-hours contracts? Things change in respect of people’s working circumstances—each week, each month—and policing that will be very difficult.

Maria Caulfield (Lewes) (Con): If we do not bring in a pay-to-stay scheme, what message does that send out to low-paid workers? A nurse starts on a salary of £21,000 and in the private rented sector often pays nearly £1,800 a month for market rent. With all the best will in the world, they would never qualify for social housing allocations policy. Is it fair that low-paid workers have to pay private market rents and yet if someone earns more than £30,000 in the social housing sector, they get away with discounted rents?

Mr Jackson: I absolutely agree—hon. Friend puts it in her normal eloquent and astute way. The fact of the matter is that the Labour party is letting itself down.

Mr Thomas: Will the hon. Gentleman give way?

Mr Jackson: I will not give way for the time being. I have already been very kind to the hon. Gentleman and I will let him in in a minute.

The Labour party was quite courageous when it was last in government. For instance, it started to challenge lifelong tenancies, which was really important. That was about fairness, equity and sharing resources. That was absolutely right and I pay tribute to the right hon. Member for Don Valley (Caroline Flint), who was responsible for that when she was Housing Minister.

However, the principal reason that I oppose the amendment is that it is overly bureaucratic. It does not take into account that, in the vast bulk of local authority areas where there is social housing administered by housing associations, the differential is reasonably low and the number of people who will be impacted is low. Savills says that the figure will be around 6% but I think it is probably even lower than that. Nevertheless, it is a strong message to working people in social housing accommodation that there is an element of social equity and fairness in this process. If someone is working hard and has done well, no one is complaining, but resources are scarce and we all have a duty and responsibility to ensure that the people who need help most get it.

Matthew Pennycook (Greenwich and Woolwich) (Lab): Does the hon. Gentleman share any of my concerns that the policy will change the social mix of areas? One problem on housing estates in my constituency is that they are already residualised—they already contain a large number of vulnerable people with high levels of need. If we move out those who have done well, who get a better job and who save—putting pressure on them to move—will that further residualise those estates?

Mr Jackson: No. A mix of shared equity, social rent, starter homes and owner-occupation will happen across the country organically as a result of the process. Let me just give the hon. Gentleman a statistic. In 1970, about one in four people in social housing were in workless households. It was quite normal for people in places such as Barking and Dagenham—people working at Ford—to live in a council house. There was no social stigma. Decent, working people lived in council houses, and if they were lucky they bought their homes. That figure is now much higher: about 50% of people in social housing are in workless households. There has been an element of ghettoisation already. None of us supports that and everyone wants a mix of people. Some people need specialist help, including people who are elderly, people with mental health problems and people who need supported housing. We have to have that variety. The legislation will not do anything other than drive through that variety, depending on each local area.

Mr Thomas: I would have more belief in the hon. Gentleman’s commitment that those high earners should pay more than lower earners if he was not such an enthusiast for cutting the taxes of the very richest people. However, I bring him back to the example that I gave in an earlier intervention. Evidence from the Chartered Institute for Housing shows that everyone who is paid the living wage—the Chancellor’s living wage—by 2020 will be hit by these pay-to-stay regulations. Does that example not trouble him in the slightest?

Mr Jackson: The No.1 rule in politics is never believe your own publicity—I say that to the hon. Gentleman. I am inordinately proud of what the Government have done to take the number of workless families, and the number of children in workless households, to the lowest it has ever been, to cut taxes and to introduce a national living wage. I am enormously proud of that record and of where our party stands for decent working people.

Mr Richard Bacon (South Norfolk) (Con): We are the workers’ party!

Mr Jackson: Yes, we are the workers' party.

The Chair: Order. Although it is perfectly reasonable to have a discussion along these general lines, Members need to focus their remarks precisely on the amendments.

Mr Jackson: The hon. Member for Harrow West tempted me to be a little bit more voluble than I normally am.

The Chair: Order. The hon. Gentleman ought not to be tempted.

Mr Jackson: I take your admonition in the spirit in which it was given, Mr Gray. I conclude by saying that amendment 199 is a wrecking amendment that would create an enormous bureaucratic burden for housing associations. For that reason, I ask the Committee respectfully to reject it.

Matthew Pennycook: It is a pleasure, Mr Gray, to serve under your chairmanship again. I rise to support the amendment in the name of my hon. Friend the Member for City of Durham. The stated intention of this part of the Bill—to remove an unfair subsidy—is highly questionable. The hon. Member for Thirsk and Malton has called social housing taxpayer-funded housing, but it is erroneous to suggest that social rents are an economic subsidy merely because there is a difference between social rents and market rents. Since the abolition of housing revenue account subsidy and the move to self-financing in April 2012, housing revenue accounts have brought in an overall surplus to the Exchequer. Councils and HRAs can set lower rents because of the subsidy gained in previous years.

Chris Philp: I believe that there is a subsidy, for two reasons. First, many housing association properties were built historically using Government grants. Secondly, many housing association properties were built as a requirement of planning permission and, at the time of construction, were subsidised by the private housing in the same scheme. For those two reasons, I categorically disagree with the hon. Gentleman's assertion that there is no implied subsidy.

Matthew Pennycook: I disagree with the hon. Gentleman. He is right to say that there was an historical subsidy in the form of construction debt, but that has been paid off in most circumstances. HRAs are self-financing and most have made a profit since 2008. That is not a direct economic subsidy, as the Conservative party would have us believe. There may be other reasons why Conservative Members think that the policy we are discussing is the right one, but I disagree with them. It is bad policy making.

Chris Philp: Will the hon. Gentleman answer my second point about the implied subsidy via the planning system? When planning permission is granted and 20% or 30% of the units in the development are designated as social, they are effectively being subsidised by the private units in the same development. That is a subsidy.

Matthew Pennycook: That is not a public subsidy and the hon. Gentleman misunderstands my point. HRAs are self-financing. We are not talking about the two

thirds of tenants in council housing who claim housing benefit, but there are problems in that regard. That is an economic subsidy from Government.

Helen Hayes (Dulwich and West Norwood) (Lab): I want to make a similar point. The procurement of affordable housing through the planning system is not public subsidy, but the use of the democratic planning system to ensure that development provides what local communities need.

12.15 pm

Matthew Pennycook: My hon. Friend makes a very good point, and I agree wholeheartedly. I served as a councillor before being elected to this place, and I give the Government credit for reforming the council house financing system. However, it is misleading and highly questionable to state that the rationale for the policy is an economic subsidy. That point needs to be made for the record. I will, for the reasons that I have stated, support the amendment, because the proposal represents bad policy making. There is a risk that it will lead to increased homelessness and increase the housing benefit bill. There is a risk that it will undermine the social mix on many estates, including those in my constituency.

The Government, incidentally, acknowledged that the discretionary threshold of £60,000 would have an impact on the income mix in areas but said the impact would be minor because of the threshold level. Bringing that threshold down would have a far bigger impact. Knowing the estates in my constituency and the problems they have as I do, I know that the last thing they need is for pressure to be put on people who do well, who aspire to get on and who get a better job to move out of those communities. This is bad policy making. For those reasons, I oppose the measure and support my hon. Friend's amendment.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): It is a pleasure to serve under your chairmanship, Mr Gray. This has been a wide-ranging debate, and a number of points have been raised that I am confident will be covered when we consider other amendments to the clause. I will therefore keep narrowly to the amendments in question, which seek to include a substantial amount of detail in the Bill on who the policy should and should not apply to. That is unnecessary as we have the power to make regulations for that purpose if they are required.

I assure the hon. Member for City of Durham that we are giving careful thought to how the policy should treat certain benefits, including the state pension, housing benefit, and employment and support allowance. With regard to carers, as I said before, exemptions can be made and we will consider carers carefully. We recognise that, in certain circumstances, exemptions may well be needed, and we are thinking through that process carefully. We will provide more detail as we approach the making of the regulations and will continue to engage with the sector as we develop the policy.

Teresa Pearce (Erith and Thamesmead) (Lab): When having those deliberations about what should and should not be included in household income, will the Minister

[Teresa Pearce]

consider whether disability living allowance and personal independence payments should be excluded? There are additional costs for people with disabilities. Will he take that on board and consider giving some reassurance that DLA and PIP will not be included in household income?

Mr Jones: As I have made clear, we are considering carefully the circumstances in which the measure will apply to certain tenants. I note what the hon. Lady says, and we will take those comments into account in our deliberations before making regulations.

Mr Thomas: Given that there are a series of amendments to the clause, I do not want to detain the Committee unnecessarily with a clause stand part debate. In order not to do that, will the Minister reflect, while are we discussing exemptions, on whether tenants of housing co-operatives could be part of the exemptions he is looking at?

Mr Jones: The hon. Gentleman has shown a great interest in the tenants of housing association co-operatives throughout the Committee's deliberations. I refer him to the answer I gave the hon. Member for City of Durham: we are considering carefully what exemptions will be in the regulations. We will certainly consider his comments. On the basis of the assurances I have given, I hope the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: I thank the Minister for his response. The detail of the response indicates to me, and I hope to everyone else, that our proposal, far from being a wrecking amendment, as the hon. Member for Peterborough suggested, raises serious issues on behalf of some of the most vulnerable people in our society.

Mr Thomas: Will my hon. Friend give way?

Dr Blackman-Woods: I will not, because we probably need to wrap up our discussion on these amendments.

We are talking about very vulnerable people who are deeply concerned about what these clauses might mean for them. I draw the Minister's attention to the articles that are appearing in the press all the time with headlines such as "How 'pay to stay' housing will penalise disabled people like my daughter". There is genuine concern out there, and the sooner the Government give some reassurances to these vulnerable people, the better.

On the basis of what I have heard from the Minister, I will not press the amendments, but I hope the Government can respond quickly to the points that have been made by introducing regulations as quickly as possible to outline who might be exempted. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 198, in clause 74, page 30, line 6, at end insert—

"but only where a registered provider of social housing has failed to set a graduated rent charging scheme related to income level"

The amendment would allow the Secretary of State to impose rent levels only where voluntary agreements based on a graduated system are not already in existence.

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

Amendment 201, in clause 74, page 30, leave out lines 8 and 9 and insert—

"(a) to be on a graduated scale established by the registered provider of social housing to reflect level of income and affordability in the area,

(b) to follow a scheme that has been subject to full consultation with tenants and agreed by them,"

The amendment would establish that high income rents will be at a more graduated level than market rents and would be established by the social housing provider.

Amendment 202, in clause 74, page 30, leave out lines 8 and 9 and insert—

"(a) to be based on the condition of the property with regard to—

(i) state of repair,

(ii) age,

(iii) degree of modernisation/refurbishment,

(iv) locality,

(b) in accordance with affordable rents in the area."

The amendment would establish that rent levels will be based on the state of repair and location of the dwelling and will take into account the level of other affordable rents in the area.

Amendment 203, in clause 74, page 30, line 10, at end insert—

"(d) to be increased on a tapered system relating to income and level of rent charged."

The amendment would introduce a taper scheme into the application of high income rents, to prevent large jumps in the rent level being charged with only modest increases in income.

Amendment 204, in clause 74, page 30, line 10, at end insert—

"(d) to take into account the need to promote socially cohesive communities."

The amendment would enable local authorities and social housing providers to take into account the need to promote and encourage a degree of diversity in their communities.

Amendment 205, in clause 74, page 30, line 10, at end insert—

"(d) to take into account the need to promote mixed communities."

The amendment would enable local authorities and social housing providers to take into account the need to promote and encourage a mixture of people with different income levels in their housing stock when setting rent levels.

Amendment 206, in clause 74, page 30, line 10, at end insert—

"(d) take into account local affordability."

The amendment would establish that rent levels should reflect local affordability.

Dr Blackman-Woods: We now come to a series of amendments on what we might do about the rent charging scheme, which might actually be of interest to the Government Members who were jumping up and down earlier. These are probing amendments, which are intended to elicit more information about how the Government think rents should be set and what degree of prescription the Secretary of State will exercise through regulations on how rents should apply in practice.

Amendment 198 suggests that the clause should apply "only where a registered provider of social housing has failed to set a graduated rent charging scheme related to income level".

That goes back to the point about discretion, which we touched on in debating the previous group of amendments. If a housing association or a local authority already

operates a scheme with different rent levels for people on different incomes, and if that scheme falls within the national rent setting framework, what is the point in the Government coming along and insisting that those bodies do things very differently? The amendment therefore poses a general question about what the Government think is wrong with the discretionary scheme.

Mr Thomas: It seems likely that the Under-Secretary—the more considered, measured and helpful of the two Ministers we have had at our disposal thus far, although that may change—will respond to the debate. Will my hon. Friend seek to elicit from him a commitment that the detail he may be considering including in the regulations will be made available to the House before Report?

Dr Blackman-Woods: I have written to the Minister to ask whether the regulations can be made available before the Committee finishes its deliberations, and, helpfully, I received a letter from him yesterday. He told me that, unfortunately, he could not provide us with the regulations before we finished our deliberations in Committee. I have not yet thought about how I will respond, and I do not want to take up the Committee's time by thinking about that. I will respond in due course, because I need a fuller explanation from the Minister as to why the regulations cannot be provided earlier so that we know exactly what we are talking about. As we have said a number of times in the Committee, we are working in the dark, because so little information is available. That is why we tabled these amendments—to see whether we can get a bit more information from the Minister.

Amendment 201 is designed to establish, in a pretty similar way to amendment 198, what the Government think should be taken into consideration in rent level setting, whether they will take local circumstances into account and whether their intention is that the scheme that is eventually applied will have been subject to a consultation exercise involving tenants.

Kevin Hollinrake: How would the hon. Lady ensure that the system was fair? If housing associations in neighbouring parts of the country had different graduated scales, would that not be just too complicated? Clause 74(2)(b) already refers specifically to “a proportion of the market rate”.

In other words, there will be a taper. The Minister has already given evidence to the Select Committee that there will be a taper. Is there really any need to overcomplicate the Bill in this way?

Dr Blackman-Woods: As I said, these are probing amendments. They are designed to elicit from the Minister exactly how the rent setting scheme will operate in practice. The important point about amendment 201 is that a new rent regime is to be set up for people living in social housing. I want to know whether the Minister thinks it would be appropriate to take some account of local circumstances and, importantly, to subject the scheme to a consultation involving the tenants who will be affected by it and seek their agreement. That is only fair. Tenants would expect, if they are to be subject to a different regime, that their voices would be heard when the scheme is being set up. That is the main purpose of amendment 201.

Amendment 202 is designed to establish whether the Minister intends future rent levels to relate only to income, using fairly arbitrary thresholds. While I am talking about thresholds, I want to correct the point made earlier by the hon. Member for Lewes. The threshold of £30,000 is not the earnings of an individual. It might be an individual, but it is based on the earnings of a household. That is critical. We are not talking about an individual income of £30,000. It could be—

Maria Caulfield: Will the hon. Lady give way?

Dr Blackman-Woods: If the hon. Lady will just let me finish the point, I will take her intervention. An individual income could be £15,000, which is way below the average income in all areas of the country. I am merely correcting what she said earlier about the threshold being an individual earnings level of £30,000. It is not; it is a household income level.

Maria Caulfield: My point was that a nurse on a starting salary earns £21,000, and it is not fair that they have to pay private market rents if they are in the private rented sector, yet in social housing, people with a household income of £30,000 are paying a subsidised rent that is much lower. We should be helping key workers such as nurses, policemen and teachers. The system is currently not fair.

Dr Blackman-Woods: Those comments are revealing on so many levels. First, as we have already established this morning, a lot of the housing is not subsidised. If the hon. Lady is suggesting that nurses have to pay rents that are too high in the private rented sector, the problem is the level of rents in the private rented sector. It is an extraordinary view, although it is reflected in the Bill.

Mr Bacon: Will the hon. Lady give way?

Dr Blackman-Woods: May I deal with the intervention by the hon. Member for Lewes first? Then I will move on to the hon. Gentleman's intervention.

12.30 pm

It is extraordinary to suggest that the way of dealing with private sector rents that are too high is to make rents much higher in the social sector whether or not people can afford them. If the hon. Member for Lewes thinks that households with an income of £30,000 can pay double their current rent, she has not been reading some of the cases that have been sent. That is the point we are trying to make.

Mr Bacon: I am grateful to the hon. Lady for giving way—I was not trying to interrupt her flow. She mentioned high rents in the private sector. Can she tell the Committee what causes those high rents?

The Chair: Order. Before the hon. Lady replies to that intervention, it might be worth remembering that a short while ago we had a debate on amendment 200, which covered most of this ground. We have now moved on to the next group of amendments, and perhaps the hon. Lady will focus attention on those.

Dr Blackman-Woods: Thank you, Mr Gray. I will try to keep in order, if the hon. Gentleman will forgive me.

The purpose of amendment 202 is to try to find out from the Minister whether future rents will be set totally based income, or whether he sees a role for them being based on the condition of the property as well or instead. That could include the state of repair, the age of the property, the degree of modernisation or refurbishment, and the locality—clearly some areas of the country have higher housing costs than others. We also want to know whether attention will be given to what affordable rent levels are locally. Some housing associations have written to us with real concern about what the new rent charging regime will mean for them and their tenants. We need to understand that level of detail about what the Bill will mean for local authorities, housing associations and the people who will have to live with the new charging regime.

Mr Jackson: The hon. Lady is being overly pessimistic and negative about the clause. The corollary of what she is saying is that good housing associations will take the opportunity to work with the people affected and to tell them about starter homes and Help to Buy, including Help to Buy ISAs. In time, guidance may be issued stating that they have a duty to do that, and the result will be that people will move to such tenures and release housing for people who perhaps need it more.

Dr Blackman-Woods: The hon. Gentleman makes an interesting point. One of the aims underpinning these clauses is to try to push people into owner-occupation or equity share. That seems appropriate and sensible for people who can afford it, perhaps with the right support and the right mortgage product. The problem is that the Government have produced no evidence of how many people will be pushed into that, and they have certainly not produced evidence to indicate that households with an income of £30,000 will be able to afford a property. I would be happy if the Minister returned to the Committee with detailed evidence to underpin some of what the Government seek to do in this part of the Bill. We have not seen that evidence, so we do not know what the full impact will be. We have people coming forward saying, “This is how it will impact on me”, and they say that the impact will be very negative. If Government Members reject that evidence, they must come forward with counter-evidence, but none has been brought forward to date.

If I can move swiftly on to amendment 203—

The Chair: Order. A bit of swiftness might be welcomed by the Committee.

Hon. Members: Hear, hear.

Dr Blackman-Woods: As we know from the most recent consultation document on pay to stay, the Government have accepted the need for a tapering scheme, but we have no idea whether that is a firm reassurance that a taper will be applied. Many of those who responded to the consultation said that there is a danger that families will fall off the cliff if they exceed the given threshold and there is no taper in place.

The Committee has received extensive written evidence from Tower Hamlets Council, saying how difficult things will be for tenants, particularly in London, where there is a substantial difference in many areas between a social rent and a market rent. A family in London

might have a household income of £40,000, which, let us be honest about it, is low for London—it is about half the average wage.

Peter Dowd: On the concerns expressed by the hon. Member for Lewes about subsidies—not that I accept that her principle is about subsidies—does my hon. Friend agree that there seems to be a dislocation between what Government Members say about marginal subsidies for some people and about subsidies of £14.5 billion, according to the Government’s own figures, to train operators, subsidies to defence firms and grants to businesses? If the hon. Lady is so concerned about subsidies, would it not be best to get a grip on those figures first, rather than challenging the ones we are discussing?

Dr Blackman-Woods: My hon. Friend makes an interesting point.

I would direct all members of the Committee to the detailed briefing we received from Tower Hamlets Council. I should have said before that it is just one example of the many briefings we have received demonstrating the impact that these measures will have on housing stock and tenants. It is worth Members reading that evidence, because it shows that many people, in many areas of London, will be plunged immediately into poverty levels of income if the scheme is applied as currently outlined. Indeed, that will happen not only in London but in any area with fairly high market rents, which means most of our cities. It also means some of our more rural areas, because there is such a dearth of social housing that there is real pressure on housing stock, so market rents are quite high. It is important, therefore, that we take time to look at the impact of these measures.

We have also had an important briefing from the Joseph Rowntree Foundation, which says:

“The threshold at which ‘high income’ is reached will be...important.”

It also says that its research shows

“that this proposed threshold may be too blunt to accurately reflect the differing needs of households. Each year, we ask members of the public to help us define a Minimum Income Standard, showing how much money people need, so that they can buy things that members of the public think that everyone in the UK should be able to afford. The results of this exercise for 2015 show that a couple with two children would need to earn at least £20,000 each to achieve a basic standard of living.”

Yet here we have people earning much less than that having a lot more of their income taken up by housing costs. The foundation says that the measure will plunge more people into poverty.

Matthew Pennycook: Does my hon. Friend agree that equalised resources are a thorny issue that the Government have encountered before with child benefit and the household benefit cap level? A blunt gross household income threshold does not take into account the needs of different-sized families.

Dr Blackman-Woods: I absolutely agree. The Joseph Rowntree Foundation emphasises the point about not having a cliff edge and notes that schemes can be carefully tapered. That has happened to a degree with universal credit, so a model that could be applied is already in place. The other point it makes strongly is:

“The threshold for ‘pay-to-stay’ requires sensitive definition, and a taper for rent increases should be included to avoid work disincentives.”

To counter the point made by Conservative Members earlier, there could be huge work disincentives if we do not get the thresholds and tapers correct. Otherwise, if someone were to move from a social rent of £90 a week to a market rent of £200 a week and get only a marginal increase in their income, they would have to think twice about taking on additional hours or a promotion at work. It is therefore important that the detail of the scheme is right.

Kevin Hollinrake: The hon. Lady and the hon. Member for Greenwich and Woolwich mentioned the word “blunt”, but we have already received evidence that the measure will not be a blunt instrument. There will be a taper—provisions in the Bill say that. Is there any point in constantly repeating that same line?

Dr Blackman-Woods: We are trying to get some information from the Minister about the nature of the taper and how it will apply.

Amendment 204 would ensure that the application of measures in the clause will take into account the need to promote socially cohesive communities. A number of people have written to the Committee about that. Those communities are vital for our towns and cities. We all want to live in neighbourhoods with high levels of social inclusion, because that has been shown to improve mental health, lower crime rates and increase resident satisfaction.

We want to ensure that the scheme, once introduced, does not encourage people to move unnecessarily out of the neighbourhood they have lived in all their lives, where they might be contributing to civic life. Interestingly, the Coin Street Secondary Housing Co-operative said in its written evidence:

“We believe that Pay to Stay, in the context of fully-mutual housing co-operatives, would be divisive and contrary to the underlying philosophy of mutuality and shared rights and responsibilities. It would erode the stability and range of skills that underpin the effective functioning of co-operatives.”

Another housing association wrote to us to say:

“We are a happy, functioning, self-reliant community. We epitomise the big society. Pay-To-Stay will cause tensions with some members paying more for exactly the same services.”

It also said that the right to buy “undermines the fundamental principles” of its community. That is a real challenge to the Government.

I want the Minister to say something in his response about socially cohesive and mixed communities, which I will talk about in the context of amendment 205. Many housing associations have written to us with concerns about there no longer being mixed communities, particularly in terms of different income levels, in housing stock, because once people have a market rent applied to them, they will have to move out in many, although not all, circumstances.

Mulberry Housing Co-operative wrote to us, saying, “We have health workers, carers and teachers. They are very important to our local community.” I am sure that it could add nurses to that list, to help the hon. Member for Lewes. It does not want those people to have to move out of the area because their children go to local schools and they have a positive effect on “the fabric of the wider community.”

It also points out, interestingly, that this is a significant “disincentive to work” and to people’s aspirations.

12.45 pm

One Housing wrote that

“housing associations know from experience that when communities have a mixture of people with various socio-economic backgrounds, lifestyles and cultures, communities flourish. By allowing housing associations to set the rents, we will ensure that our developments include private, affordable and general needs, fostering a balanced community.”

The Minister needs to take on board that important point. How will he ensure that there is not greater ghettoisation of our social housing areas, as was outlined by my hon. Friend the Member for Greenwich and Woolwich, under the legislation? We need to hear from the Minister about how that will be prevented. We have already dealt, to a large extent, with amendment 206. It asks what account will be taken of local affordability.

The Chair: Before I call the next speaker, it may be instructive to note that we have spent an hour and a half dealing with two groups of amendments. On the basis of the amendments that have been tabled, that would imply that we would need a total of 60 Committee sittings, lasting well until the new year, were it not for the programme motion. Therefore, it might benefit the whole Committee to consider the Bill sensibly, and to try to make our deliberations as speedy as possible to avoid missing out a large part of those deliberations. Of course, that is a matter for the Committee and not for me. I merely observe the statistical point.

Helen Hayes: Thank you, Mr Gray. It is a pleasure to serve under your chairmanship. I want to speak to this group of amendments because they cover and address many concerns that have been raised with me by three organisations: Southwark Council, Lambeth Council and the Southwark Group of Tenants Organisations, which represents all of the tenants and residents associations in the London Borough of Southwark. Between them, those organisations have responsibility for and engagement with huge numbers of social tenants. The points that they have to make are worth the Committee hearing and considering.

The organisations have expressed concerns to me about the impact of the pay-to-stay clauses on the erosion of mixed communities, as mentioned by my hon. Friend the Member for City of Durham. In boroughs such as Lambeth and Southwark—and, indeed, in my constituency within those boroughs—some very wealthy communities live cheek by jowl with housing estates. Critical to the success and wellbeing of those communities is the mix that exists at a micro-level in and among our estates.

When I meet some of my most successful, thriving tenants and residents associations, I find that long-term, elderly tenants are supported by newer, younger tenants and homeowners. Hardworking people with professional skills support much more vulnerable tenants who need help and need their neighbours to look out for them. I am concerned that the clause will have a detrimental effect on the mix, which keeps our communities healthy. I want all my communities, irrespective of tenure, to be successful. Having a diverse mix is critical.

I have deep concerns that pay to stay is a tax on aspiration, which will prevent people from taking additional hours at work, or from seeking promotion or a pay rise for fear of facing increased rents or losing their home. It is also a tax on aspiration to the extent that people who

[Helen Hayes]

manage to increase their level of pay will be prevented from saving for a deposit to achieve their aspirations of home ownership.

Mr Bacon: Does the hon. Lady not agree that an innovative housing association might consider combining pay to stay with an eventual translation of increased rents over a period of time into equity that becomes a deposit, so that a tenant who has been in the same dwelling for a long time can eventually become the owner?

Helen Hayes: That brings me to my next point. As a consequence of pay to stay, some tenants might feel under pressure to consider home ownership when their financial circumstances mean that that is not a sustainable option for them to undertake in the long term.

In my nearly six years as a local councillor, I have seen many examples of tenants who have bought—either under right to buy or more often the second purchases of original right-to-buy properties—at very high levels of mortgage and are then affected by major works bills. That affects the viability of their home ownership and puts them under threat of losing their home.

Many people aspire to home ownership as the right thing to do but we must ensure that it is sustainable.

Mr Bacon: Does the hon. Lady not understand that, in the world that is eventually coming, innovative housing associations will offer a menu to tenants? They could offer them a chance to buy, and for tenants who find it is too much when they have bought, they could offer on a slide rule to go back into tenancy. It is perfectly possible to imagine an innovative housing association, an independent body, coming up with such a formula.

Helen Hayes: I agree with the hon. Gentleman that a menu of options is a good thing. However, the clause will be introduced immediately while the rest of the social housing sector is still gearing up. I am concerned about the immediate impacts of the legislation, in a world where the menu of options he described is not widely available and accessible to the majority of tenants.

Mr Bacon: Will the hon. Lady give way?

Helen Hayes: In the interests of making progress, I prefer not to give way again. I am concerned that, by forcing some tenants into home ownership that may not be sustainable for the long term, the Bill will cause more hardship.

Research undertaken by Savills indicates that 60% of households that cross the proposed pay-to-stay threshold will neither be able to pay market rent nor take advantage of right to buy. They will nevertheless be affected by increased rent, which will stop them from saving and may put them at risk of losing their home.

On a final brief point: it is incumbent on the Government to apply a level of consistency as to who they regard as high earners. I argue that there is a fundamental lack of logic—potentially a fundamental hypocrisy—in designating someone as a high earner in one piece of legislation when they are not recognised as such by Her Majesty's Revenue and Customs. I ask the Government to consider that point and respond to it.

Mr Jones: Amendments 198 and 201 would lead to wide variation in the treatment of high-income social tenants, depending on where they lived and who their landlord was. That would be complex and confusing for tenants. In contrast, our approach is clear, consistent and based on a set of simple principles. We will bring forward further detail of how the policy will work in practice at later stages of the Bill.

Amendment 201 seeks to add a further requirement to consult tenants and have the local policy agreed with them. It is very unlikely that tenants will ever agree to rent rises but we will ensure that the final design of the policy is subject to engagement with landlord and tenant groups.

The remaining amendments seek to introduce a further range of considerations that should be applied by landlords in the setting of rent. Amendment 202 seeks to allow rents to be determined based on the condition of the property. That is simply not workable. We expect social landlords to meet their obligations to keep properties in a state of good repair and that should have no bearing on the rent levels to be set under this policy.

Amendment 203 seeks to introduce a taper. Again, as the hon. Member for City of Durham knows, we have consulted on that. Amendments 204 and 205 are laudable in aim, but are being delivered through the policies. Affordable housing should, wherever possible, be provided alongside market housing. However, where that affordable housing is occupied by households on higher incomes, it is not in the interest of cohesive communities that they should continue to benefit from reduced rents. Amendment 206 seeks to ensure that rents are set at an affordable level. For that reason, we have consulted on graduated and tapered approaches. I hope that, on that basis, the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: I have heard what the Minister has said, and I am very disappointed. Again, we have identified clearly the Government's difference of approach with regard not only to what counts as high earning but to what constitutes a market rent. I will give an example of a local set of circumstances. A family living in Durham with household earnings of £30,000 would probably have a market rent of about £150 to £180 a week, but a similar family living in Bristol would have a market rent of £260 or £280 rent a week, or even higher. That is what we are trying to expose. It makes a huge difference to a family's income. In the latter example, it could mean that that family must rely on housing benefit.

That is exactly the point that we are trying to make to the Minister. Is this sensible policy making? No, it is not. The Government are giving no credence to the state of a property when setting rent, although the clause will push people on to market rents. That seems extraordinary. In the private sector, if a flat or house has been recently refurbished, it will generally be revalued and higher rents will apply, yet the Government seem to be saying that they will not allow housing associations or local authorities to do the same, even though they are requiring that a market rent be applied to the property. It seems an extraordinary thing to do.

I am pleased that the Minister will consult tenants, but I hope he will seriously rethink some of the proposals in the light of the comments made, the unworkability of the scheme and what it could mean for higher housing

benefit costs, and that he will return on Report with more information that might help us understand more clearly the logic behind the Government proposals, which I am afraid is sadly missing and not obvious to us at this point. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

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

12.58 pm

Adjourned till this day at Two o'clock.

