

## HANSARD – ADJOURNMENT DEBATE

8<sup>th</sup> June 2010

### Housing policy

*Motion made, and Question proposed, That this House do now adjourn. -(Stephen Crabb.)*

10.45 pm

**Andrew George (St Ives) (LD):** I am particularly pleased to have secured this evening's Adjournment debate, as it is on a very important aspect of Government policy that I now know needs to be developed. There were a number of welcome statements in the coalition agreement about the abolition of regional spatial strategies, shared-equity accommodation, and the removal of garden grabbing from the planning system.

In my part of the world, the most important issue facing local communities is the lack of affordable housing for local people. It has bedevilled the area for decades but, if anything, the situation has become significantly worse in the last decade. We know that the planning system is fuelled primarily by greed rather than need: in those circumstances, it is difficult to design a system that enables that need to be met, and I am particularly pleased to see that the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hazel Grove (Andrew Stunell), is here to respond to this important debate.

In the short time available to me, I intend to develop a number of issues, and I have a number of questions about what will happen with the supply side. The Government are to abolish the regional spatial strategies and the housing targets that go with them, so what role will development control play in meeting affordable housing need after that abolition?

With regard to planning policy statement 3, I believe that there will be an increasing number of questions about the integrity of exceptions sites and about maintaining that integrity, especially in rural areas. In addition, I know that my hon. Friend the Minister will be keen to respond to what I believe is widespread concern about how some elected members of planning committees are finding themselves at risk of predetermination in the consideration process.

Other supply-side questions have to do with the management and regulation of the private rented sector, its relationship with the housing benefits system, and whether there should be formal regulation of landlords and letting agents. On the demand side, I particularly want to probe the Government's approach to the control of second homes—something that has a significant impact on communities in my constituency and many other areas around the country. I also want to discuss the Government's attitude to property taxation, given the earlier announcement of the extension of capital gains tax and the impact that that is likely to have on the private rented sector in particular.

On the abolition of regional spatial strategies, the Secretary of State for Communities and Local Government has embellished the previous coalition agreement statement with his own statement. On 3 June, he said that

"the new Government has announced it will abolish Labour's unelected Regional Assemblies, top-down building targets and unwanted Regional Spatial Strategies."

In my part of the world, the housing stock has more than doubled in the last 40 years. In fact, the area is one of the fastest growing places in the UK, yet the housing

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needs of local people have got dramatically worse over that period. The previous Government's approach of adding another 70,000 houses in a place like Cornwall, which is what they proposed in the regional spatial strategy over 16 years-as if somehow, by magic, that would address the housing needs of local communities-is disproved by the way the market has operated in the past 40 years. We need a much more sophisticated approach if we are to address the deep-seated, endemic and serious housing problems in such a place as Cornwall. Simply turning it into a developers' paradise is not the answer.

The Secretary of State went on in his letter:

"In contrast to Labour's regime of targets, we will be seeking to introduce new incentives to reward councils which build more homes and support local business growth."

The question really is how the Government intend to do that. If fewer private market houses are to be simply heaped in where it is not helpful to do so in places like Cornwall, which I would welcome, does that mean that the Government will introduce a system driven more by need than demand? If that is the case, would the outcome be that in places like Cornwall a higher proportion of any new development would be affordable housing to meet local housing need than was originally the case in the previous Government's regional spatial strategy?

On the wider implications of development control in meeting the need for affordable housing, sometimes the best way of meeting local housing need is to have strict control on housing development, although that sounds counter-intuitive, especially in rural areas such as Cornwall. Then one can apply the exceptions approach not only in rural areas but perhaps in others. Often the value of the land is determined by the planning process and what that land can be used for. That determines ultimately whether we can achieve the ultimate goal of developing affordable housing.

The role of the intermediate market is developed in the coalition agreement. Shared ownership accommodation is encouraged, which is something that I warmly welcome. That is encouraging. The coalition agreement says that we will

"promote shared ownership schemes and help social tenants ... own or part-own their own home",

but how will we do that? There is a serious lack of mortgage finance to develop a meaningful intermediate market. In places like Cornwall it is vital that we create a new rung on the housing ladder for people at the very bottom who cannot make the enormous jump on to the first rung on the private market.

**Dan Rogerson (North Cornwall) (LD):** I am grateful to my hon. Friend for giving way and congratulate him on obtaining this debate so early in the new Parliament. In talking about

definitions and the Government's policy, does he agree that affordable housing can sometimes be used by developers to provide housing for sale that is still very much unaffordable to local people. It is discounted when compared to the full market price, but really socially rented accommodation would do the most to bite into that need in our communities.

**Andrew George:** My hon. Friend is right to suggest that we need a lot more social rented accommodation, but much of the pressure on that accommodation is from people who might otherwise get on to the intermediate

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rung on the housing ladder. I am keen that we should develop that. The problem is the lack of mortgage finance. Only three lenders are currently lending, and in order to get schemes to go ahead it is necessary to have all three lenders on a site. With that, of course, comes significant pressure for relaxation of the section 106 agreements, which often go alongside such developments.

Before I was elected I was a rural housing enabler before such things were properly invented. I was involved in many of the kind of developments that have taken place since the early 1990s as a result of what was then PPG3 and is now PPS3. We found exception sites. What I found then and has been found since that time is that it is easier to find exception sites where the development value is significantly less than £10,000 a plot. People were finding it a great deal cheaper than that in the early 1990s. Such sites could be taken forward in an environment in which the integrity of the planning system was maintained. Otherwise, the hope value on all those sites will be lost.

Rural exception sites-also known as departure sites-are sites beyond or close to defined settlements. Exception sites are acceptable for the provision of 100% affordable housing but not for the provision of open market housing. Often such schemes consist of fewer than 20 houses-more often than not, far fewer. It is very important indeed, , as PPS3 states, that:

"Rural exception sites should only be used for affordable housing in perpetuity."

The problem is that there is pressure from some local authorities to weaken, or lessen, the pressure on that. I therefore urge my hon. Friend the Minister to ensure that the integrity of the exceptions approach in PPS3 is retained. That has been supported-I spoke to Matthew Taylor before he produced his report last year-by the Taylor review, the Affordable Rural Housing Commission, the rural housing trusts and all the housing charities that work in this field. It is vital that such sites provide affordable housing in perpetuity 100%. There is a risk that we might lose that.

I mentioned predetermination; I shall be interested to hear what the Minister says on that. There is concern among many elected members; they feel unable to campaign on the issue before they are elected, in case, once they have expressed a view about the way in which their local community might or should develop, it would restrict what they might be permitted to do on a planning committee. A statement on that would therefore be particularly helpful.

I mentioned housing benefit. In areas such as mine, where a large proportion of the local community live on the very margins of economic survival, because of the very high private rents those people often depend on the housing benefit system whether they are in or out of work. The problem is that the system as it operates at the moment still results in the

withdrawal of housing benefit at the rate of about 85p in the pound earned for people in that situation. If that is the case, clearly there are a lot of people, particularly in areas such as mine, who are going in and out of work who suffer from that mechanism and a housing benefit system that does not take fully into account the difficulties of living at that level. As a result, a lot of people living in my part of the world, and many other places, are living in awful accommodation, which certainly does not meet national standards, and are often paying very high rents indeed.

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In my area there are some excellent private landlords and the private rented sector is run extremely well, but of course there are some who do not run it as well as perhaps they should. For example, one family that I was seeking to help earlier this year during the very cold winter, who were living in a one-bedroom flat up some stairs and had a one-year-old baby boy-the mother had epilepsy-found themselves in and out of both accommodation and the working environment and were unable to maintain the housing benefit at rental levels. They found themselves under a great deal of pressure from their letting agent at the time. I will quote from a letter that the letting agent, Antony Richards Property Services, sent to my constituents, a Mr Shaun Burden and Ms Rosemary Jarman, who were living in Morrab road at the time. They have since been housed by the council in accommodation in Newlyn.

The letting agent wrote:

"In the absence of any rent forthcoming and your apparent refusal to help yourselves by providing the information...we are left with no alternative but to seek to enforce the possession notice served last year...the Council will deem you as intentionally homeless and you are highly unlikely to offer you accommodation. You will then be homeless.

The choice is yours.

I am told the streets are cold at night."

Such treatment of local families in a desperate situation is not acceptable.

Adverts for Homechoice in Cornwall have shown that this week, of the 42 properties available, 14 are one-bed, 21 are two-bed, six are three-bed and one is four-bed. In Cornwall, there is a serious shortage of family accommodation-three and four-bed accommodation.

**Sarah Newton (Truro and Falmouth) (Con):** Will my colleague give way?

**Andrew George:** Because of time, I need to press on. I am terribly sorry.

I mentioned the issue of second home ownership and the need to control second home ownership in areas such as mine. I know that my hon. Friend the Minister is aware of the background in constituencies such as mine. For example, recent surveys of estate agents have shown that last year alone four times as many properties were sold to second home buyers as to first time buyers. In some communities a significant number-sometimes 20, 30 or 40%-of

the properties in local communities are owned by second home owners. Those circumstances make it difficult for people to have any chance of being able to afford a home of their own.

The previous Government looked at the issue following the Taylor review and other representations that I and others made. The then Government said that they were not prepared to look at our proposal to introduce a new use classes order to allow local authorities to restrict the number of second homes permitted to be converted from permanent residency to non-permanent residency in many of the communities where local people do not get a chance.

The previous Government said that they were not prepared to go forward because they thought that that would be difficult to enforce, but with council tax records, business tax records, the electoral register, capital

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gains tax information and local knowledge, I believe that it is possible to enforce that and to define properly what second homes are.

I mentioned the issue of capital gains tax. I hope that the Government will think carefully, before the Budget on 22 June, about the implementation of the changes in capital gains tax. I welcome the broad announcement, but I hope that there will not be an unintended impact on other business investments, including private letting properties, which are important to our communities. I hope that there will be roll-over relief, annual exemptions and other measures to ensure that the private letting sector is not hit detrimentally. I hope that the Minister is listening and I look forward to his reply.

**11.3 pm**

**The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell):** I am delighted to have the opportunity to respond to my hon. Friend the Member for St Ives (Andrew George) and to discuss an important issue that he has pursued in the House for a long time, on the Opposition Benches and on the Government Benches, with great vigour. I thank him for his support for the coalition Government's action and plans in this area, which I hope on the whole he will find acceptable.

The Government believe that enabling people to have a home of their own is a high priority. The problem that we face is that the current system does not deliver that, and he has outlined some of the impacts of the current circumstances on his constituents. He may want to look at the speech that my hon. Friend the Minister for Housing made at the Royal Institution of Chartered Surveyors this morning, which covers some of the points. Perhaps I will not duplicate all of them here.

My hon. Friend the Member for St Ives made a wide-ranging contribution on an important topic. Mine will not be quite as wide-ranging. I am not the Chancellor of the Exchequer, so I will not be commenting on capital gains tax. There may be some other things that my hon. Friend will find are missing, too, but on the issue of the disqualification of councillors from taking part in planning decisions and other decisions at their council because they have an opinion about it—so-called pre-determination—I hope that I can give him some comfort. It is absolutely the case that it is wrong for local representatives to be barred from taking part in decisions, even if they have a clear predisposed view. The fact is that despite the advice that is often handed out to them, it is not wrong for councillors to be predisposed towards a

particular view, or to express and publicly voice it. They may even have been elected on a particular issue, and it would of course then be deeply frustrating for them to receive apparently professional advice that disqualifies them from taking part. The Government certainly understand the concern that the issue causes to councillors, and if necessary, we will legislate to ensure that councillors are not prevented from speaking up on issues on which they have campaigned. I hope that that is useful news for my hon. Friend and his councillors.

On housing supply, my hon. Friend seemed to suggest that the changes that we were making were intended to produce fewer homes. That is not the case at all. We want homes in the right places, and our view is quite

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clear: we have not built enough homes. Indeed, this year, house building is at its lowest level since 1946 or, if one discounts the war, since 1923. There is a huge gap between supply and demand, and it is the Government's policy to address that. The long-term demand for housing is strong, even if, as he rightly says, it is at the moment a little hard to make that market work properly.

**Mr Mark Spencer (Sherwood) (Con):** Will the hon. Gentleman give way?

**Andrew Stunell:** Yes, but I have very little time, and I have to be fair to my hon. Friend the Member for St Ives.

**Mr Spencer:** Just a small point: obviously, the housing ladder has a bottom and a top. In Sherwood, there are many single people living in five-bedroom houses who want to stay in the village in which they live, but who, unfortunately, cannot find elderly accommodation locally. Building the right property in the right place is a big advantage and a big assistance to people who want to come out of a large property and who would free up spaces on the ladder so that people could move up.

**Andrew Stunell:** My hon. Friend makes a good point, and I am sure that he will pursue it in debates in future.

We need to recognise that the under-supply of housing has consequences. It impacts on the affordability of homes. I will not rehearse the arguments, but the fact is that first-time buyers are pretty much out of the market at the moment unless they have the support of parents or friends, or there are outside circumstances; the average age of a first-time buyer is now 37, and that is obviously not acceptable. We have a problem with housing market stability, too. A volatile housing market can quickly translate into instability in financial markets and the wider economy.

**Andrew George:** I entirely accept what my hon. Friend says in respect of the national picture and the national figures. I understand that the coalition agreement talks in national terms about such patterns, but as I understand it, the Secretary of State for Communities and Local Government and the coalition agreement are giving local authorities the power and ability to interpret the national standing and to ensure that local need is met in the way that the local authority deems best. The local authority is surely in the best position to know how local need might be met.

**Andrew Stunell:** It is certainly in a better position to do so than the devisers of regional spatial strategies; I think that we can agree on that. We need to increase supply.

My hon. Friend has brought me neatly on to the abolition of regional spatial strategies, a phrase that has to be said carefully and articulated clearly. Regional spatial strategies have gone. The Secretary of State has written to planning authorities telling them that it is now a material consideration for them to take account of his letter saying that regional spatial strategies are to be disposed of. The legal decision must await legislation, but clearly we are there already. It is not just a question of telling local authorities, "You're on your own"; there will be clear incentives for local authorities that permit the development of housing, and a reward system that

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will give them the opportunity to develop infrastructure and services to match the investment that they are allowing.

My hon. Friend had plenty to say about second home ownership. I have had the privilege of listening to him speak on the subject in debates for a number of years. He asked for some specific things. I cannot deal with capital gains tax—that is definitely well above my pay grade—but he also asked whether we could use the planning use class of second homes. The Government do not believe that there is a way forward on that. I would be interested—I do not suppose that I have the choice—to receive further representations from him and from others who think differently, but there are serious difficulties in how that can be done, not least because, for the first time, we are bringing the ownership of an asset into consideration of whether it was a material planning use or not. [*Interruption.*] I can see that my hon. Friend wants to engage in debate, and I look forward to doing so over the coming months.

My hon. Friend will have received a parliamentary response from the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), probably this afternoon, to say that we have no immediate plans on the discount for council tax for second homes. However, my hon. Friend the Member for St Ives has raised some interesting issues, and some of us have great sympathy with them.

My hon. Friend asked about rural exception sites, and there seems to be a bit of a flurry: perhaps PPS 3 and rural exception sites might, in some mysterious way, be at risk. I want to assure him that there is nothing in the coalition agreement or in the Conservative Green Paper on open source planning—I did not think that I would be likely to be standing at the Dispatch Box defending it—making proposals to change rural exception sites. The Government believe, as he does, that they are important and very material, so I hope that he accepts our assurance.

My hon. Friend rightly drew attention to the need to put in the missing rung in the ladder through the development of the intermediate market. Again, I refer him to the words of my hon. Friend the Minister at the Royal Institution of Chartered Surveyors this morning. We are committed to supporting that intermediate sector and making sure that it flourishes. We want to promote shared ownership and help social tenants and others to own or part-own their home. Shared ownership is a way of helping lower-income households purchase a share in a home, perhaps for as little as 25%, which is what the current HomeBuy offer says.

**Sarah Newton** *rose-*

**Andrew George** *rose-*

**Andrew Stunell:** I am keeping extremely close watch on the time, Mr Speaker, as I am sure you are, but I will give way to my hon. Friend the Member for St Ives.

**Andrew George:** I am grateful to my hon. Friend, and I apologise for catching him at the close of his speech. The Government own two banks, but mortgage finance is the big stumbling block in developing this sector. Is there anything more that he and the Government can do to enable the sector to move forward?

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**Andrew Stunell:** Again, I do not think that that can be dealt with at my level, but the whole Government are committed to putting the British economy back on its feet and to restoring the health of the financial and business sector. That is going to be the fastest way to get the financial market working properly. I know that my hon. Friend is committed, with me, to dealing with that.

Finally, may I deal with the private rented sector? The House will have been appalled to hear of the case that my hon. Friend drew to our attention and of the callous words of the letting agent as they affected his constituent. We must recognise that the private rented sector is significant: 13% of households are in the private rented sector, and some tenants in that sector face problems of overcrowding, poor-quality accommodation and difficulties

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with the letting agents themselves. I certainly have a great deal of sympathy for anyone who suffers as a result of poor practice by a letting or managing agent.

We advise anyone contemplating renting or letting a property through an agent to use one who is a member of the Royal Institution of Chartered Surveyors scheme, the Association of Residential Letting Agents or the national approved letting scheme. About half the agents are members of those organisations. I look forward to working with my hon. Friend over the coming months and years to make sure that what he wants, what I want and what the Government want-

**11.15 pm**

*House adjourned without Question put (Standing Order No. 9(7)).*