

Department of Communities & Local Government
Fry Street
London, SW1P 4DF

By email:
starterhomestechnicalconsultation@communities.gsi.gov.uk

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Executive Mayor's Office
Tower Hamlets Town Hall
Mulberry Place
5 Clove Crescent
London E14 2BG

Contact: Gulshan Begum
Tel: 020 7364 6971
Fax: 020 7364 4999

mayor@towerhamlets.gov.uk
www.towerhamlets.gov.uk

Dear Sir/Madam,

I am writing to you in response to the DCLG consultation on: **Starter Homes Regulations**

Local Determination

As Executive Mayor of the London Borough of Tower Hamlets, I urge the Government to consider how best to set out the starter homes regulations so that starter homes can assist in addressing the housing crisis and enable Local Authorities to implement and make decisions on the starter homes programme at local levels That will assist in meeting both local need and assisting with those aspiring to homeownership.

Such decisions should include deciding the threshold for new developments, advice on viability and, the use of commuted sums and the minimum percentage of new developments which are to be sold as starter homes.

As local authorities, we have the best understanding of local housing needs. There is no one size fits all for addressing the housing crisis, and given the population of Tower Hamlets is expected to increase by 26% over the next decade, the housing needs and affordability of local populations have not been addressed sufficiently by central government. What might work in other parts of England, will not work in Tower Hamlets and London.

Meeting Housing Need

We have carried out a Strategic Market Housing Assessment in line with government guidance in order to identify what the housing need is locally and it demonstrates a huge requirement for rents at a social and target rent levels. Implementation of a starter Homes programme of 20% on all new development will hugely undermine our ability to provide any truly affordable new housing in the Borough.

I believe the Housing and Planning Act, and the starter homes programme is flawed - particularly in relation to the London housing market which is significantly different to the rest of England, and the impact on affordability for hard working families in LB Tower Hamlets. Given 44% of households in Tower Hamlets are in income poverty, the Government has failed to take into account the

demographics of the Borough, the needs of disabled people and the financial situations of those living and working in the Borough.

Affordability

There are around 20,000 people on housing waiting lists in Tower Hamlets, more than 9,000 in substantial housing need, and more than 2,000 in temporary accommodation. In order to purchase a starter home in Tower Hamlets, the discount offered on starter homes would need to be over 50% of the market value just to make it affordable.

The average cost of a property in the Borough is more than 14 times what a key worker earns in wages, and in order to secure a property with a 95% mortgage, a worker would need a deposit of £20,000 and a salary of £97,000.

Providing starter homes at up to £450k to meet this need is unrealistic and unaffordable. Key workers such as teachers, police officers and librarians – many of whom have lived here all of their lives - cannot afford to live in Tower Hamlets. They are being priced out due to the increasingly expensive private sector rents, and lack of affordable housing.

Expert opinion

I ask the Government and DCLG to work with local authorities and particularly London Boroughs to establish genuine solutions to the housing crisis. I strongly support London Council's proposal to develop a workable 'Starter Homes London' agreement.

I urge the Government to grant local authorities the power to use their knowledge and expertise on local housing need to decide on applications and thresholds under the Starter Homes Programme in line with any agreed London policy if it cannot be determined locally.

Consultation questions

With regard to the technical aspects of the consultation I will add the following comments:

Q1 Part 1: Do you support restrictions on the sale and sub-letting of starter homes for 5 years following initial sale?

Response

The London Borough of Tower Hamlets believes there ought to be a restriction period of up to 20 years on the sale at full market value on starter homes, following the date of the initial sale, and a 10 year period on sub-letting. We believe that the period of 5 years would be inappropriate as starter homes would help and profit only the first person who purchases that property, rather than the many thousands of people in Tower Hamlets who want to step onto the property ladder and live in affordable housing.

We would suggest a taper of the amount of discount that can be taken from the first sale in the period between 5 and 20 years after purchase with the residual amount of sale value achieved returned to the Local Authority to fund other low cost homeownership products such as shared ownership.

Q2: Do you agree that flexibility over the age 40 restriction should be given when joint purchasers are looking to buy a starter home, one purchaser being under 40 years old but the other older than 40?

Response

LBTH notes the recent amendment to the Housing & Planning Bill by Government to include a minimum age 23 restriction for starter homes. The rationale for this amendment is not clear, and the evidence to support it has not been made available.

LBTH would support flexibility over the age 40 restriction so that joint-purchases could buy a starter home where one is older than 40 years. However, the Council is concerned that introducing any age restrictions on this product would discriminate against older or younger groups of first-time buyers, and would therefore support removal of these restrictions altogether.

Q3: Do you agree that there should be an exemption from the age 40 restriction for injured military services personnel and those whose partner has died in service.

Response

Tower Hamlets Council supports the armed forces covenant and agrees that those who have served our country or the partners of those killed in active service should be exempt from the age limit set out in the Housing and Planning Act.

Q4: Would a site size of 10 units or more (or 0.5 ha) be an appropriate minimum threshold for the starter home requirement? If not, what threshold would be appropriate and why?

Q5: Should the minimum percentage requirement be applied uniformly on all sites over 10 units to provide a single requirement across the country?

Q6: If so, do you agree that 20% represents a reasonable requirement for most areas?

Response

Tower Hamlets Council strongly believes that the government must permit local planning authorities to have the power to decide what the threshold, and percentage should be for starter home developments based on a robust assessment of local housing need, agreed at London level if necessary.

Q8: Do you support the proposed exemptions from the starter home requirement? If not, why not?

Response

Tower Hamlets Council supports the proposed exemptions on page 14-15 of the consultation paper.

Q9: Should group custom build developments and developments with a very high level of affordable housing such as estate regeneration schemes be exempt? If not, why not?

Q10: Are any further exemptions from the starter home requirement warranted, and why?

Response

It is the belief of Tower Hamlets Council that local authorities should be given the power to decide whether any exemptions from the starter home requirement are warranted, as we have the best knowledge of the area and local housing need. Based on the consultation paper, there are no additional exemptions warranted in our opinion.

Q11: Do you support the use of commuted sums to deliver starter homes where the local planning authority agrees?

Response

Tower Hamlets Council would have no option but to accept. We believe that on high value sites in the Borough, it could be very difficult to deliver affordable housing and starter homes for £450,000, therefore we believe that the decision as to whether to use Committed Sums should rest with local authorities.

Q12: Do you support the proposal that private rented sector housing (for institutional investment) and specialist older people's housing should meet the requirement through off-site contributions?

Q13: Do you agree that Starter Homes monitoring reports should be an annex to the Authority Monitoring Report?

Q14: Do you agree that these reports establish the key actions taken to support starter home delivery and the outcomes in terms of permissions granted and completions?

Response

The London Borough of Tower Hamlets Council agrees with this statement, and the monitoring report would be in line with the Borough's own.

Q15: Do you agree that April 2017 is a reasonable date for the first report to be published? If not, do you have alternative suggestions and why?

Q16: Do you support a transitional provision for the starter home regulations?

Response

The London Borough of Tower Hamlets Council agrees with this statement.

Q17: Is there further evidence we should be considering in our assessment of equalities implications?

Response

The London Borough of Tower Hamlets disagrees with the Government's amendment tabled by Baroness Williams of Trafford which sets a minimum age for a person to purchase a starter home at under 23-years-old.

Tower Hamlets is a relatively young Borough in that 25% of those living in the Borough are in their 20s and 30s, and 7% of those living in the Borough are aged between 18 and 22. Baroness Williams' amendment would mean over 20,000 young people – many of whom are working full time – and may have the aspiration of owning their own home would lose out.

The population of Tower Hamlets is expected to be the fastest growing Borough in terms of population in London, and one of the fastest in England. By implementing a minimum age limit of 23-years-old, we feel it would be a great disadvantage to young professionals and those working in a diverse Borough such as ours. We ask that the Government changes the minimum age limit to 18-years-old, and the starter homes scheme to be open to those over the age of 18.

The technical consultation fails to make reference to lifetime homes and accessible homes. These homes would not meet the needs of disabled people, particularly the 6,726 disabled people living in Tower Hamlets aged between 20 and 39 should the government not restrict its age considerations.

Response to Q18: (delivery implications)

Response

LBTH has significant concerns about the impact of these proposals, as outlined in the sections above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Biggs', with a stylized flourish extending to the right.

John Biggs
Executive Mayor of Tower Hamlets

