

Committee:	Date:
Community and Children's Services Committee	12 February 2016
Subject: Housing stock valuation data	Public
Report of: Director of Community and Children's Services	For Information

Summary

This report summarises information provided by the City of London Corporation to the Government setting out the value, size and turnover within the City of London Corporation's local authority housing stock. It will inform the Government's calculation of an annual payment to be made to the Government based on the total value of high-value local authority housing likely to fall vacant during the year.

The location of the City of London Corporation's housing stock means that a significant amount could be defined as high value, but this will not be clear until the definition of high value is set out in regulations published after the enactment of the Housing and Planning Bill.

Recommendation

Members are asked to note the report.

Main Report

Background

1. In preparation for the implementation of the Housing and Planning Bill, the Government has requested that all local housing authorities provide housing stock information detailing value, size and annual vacancies of general needs homes.
2. The information will allow for the calculation of an annual payment to the Government, based on an estimate of the total value of high-value local authority housing likely to fall vacant during the year. The payment will support new government housing policy, including the extension of the right to buy to housing association tenants.
3. In response to a request by this Committee, this report summarises the information provided to the Government by the City of London Corporation.

Value of City of London Corporation Homes

4. The City of London Corporation has 1,713 general needs social rented homes, of which 444 (26%) are located within the City of London, while 1,269 (74%) are

located in six other London local authorities. Sheltered housing is not counted in this total.

- The City Surveyor's Department has provided the vacant property market value of the City of London Corporation general needs stock at 31 March 2015. The total value of these homes is estimated to be £672,365,500. Values of individual homes range from £150,000 for the smallest studio flats through to £1,490,000 for the largest homes at Horace Jones House. The average value is £392,500.
- The table below sets out the broad values of City of London Corporation homes by bedroom size:

Value bands	Number of bedrooms				Grand total	% of total
	1*	2	3	4		
Less than £300k	405	142	0	0	547	32%
£300–£399k	223	73	97	0	393	23%
£400–£499k	152	219	96	5	472	28%
£500–£599k	4	27	77	7	115	7%
£600–£699k	8	73	41	7	129	8%
£700–£799k	0	2	15	0	17	1%
£800–£899k	2	4	0	3	9	1%
£900–£999k	0	2	0	0	2	0%
More than £1m	1	8	14	6	29	2%
Grand total	795	550	340	28	1,713	100%

* includes studio flats

- "High value" has yet to be defined by the Government for the purpose of calculating any payment to it. However, the announcement of the policy in April 2015 was accompanied by a press release suggesting that the thresholds for high values in London would apply at the values given below:

	1 bedroom	2 bedroom	3 bedroom	4 bedroom
London	£340,000	£400,000	£490,000	£790,000

- Should these values apply, the number and proportion of City homes deemed to be high value are set out below:

	1 bedroom	2 bedroom	3 bedroom	4 bedroom	Total
London	£340,000	£400,000	£490,000	£790,000	
No. of City homes above this value	349	335	243	9	936
% of stock	44%	61%	71%	32%	55%

- However, since the announcement of this policy, representations have been made by London MPs and councils that the threshold should take account of the

particular market circumstances in central London. As such, the final definition of high value may be markedly different and much higher.

Vacant Homes

10. The calculation of a payment will be based on the likely level of vacancies in the City of London Corporation's housing stock. The table below shows the number of vacancies arising in each of the last three years, excluding vacancies in sheltered accommodation.

	Vacant City homes		
	Within City	Outside City	Grand total
2012/13	21	68	89
2013/14	35	89	124
2014/15	24	57	81

11. The number of homes that become vacant in any one year fluctuates. This is in part attributable to the completion of new build homes (4 units in 2012/13 and 20 in 2013/14). The Government has indicated that new builds will be excluded in calculating the number of homes likely to fall vacant.

Potential Implications for the City of London Corporation

12. It is difficult to estimate the impact of this policy on the City until the definition of "high value" is set out in regulations (as required by the Bill) and the method for calculating the payment is published. In addition, the Secretary of State retains the power to enter into an agreement to reduce the payment in lieu of the development of new housing by the authority.
13. However, the Government has indicated that the payment will be based on the level of vacancies among re-let general needs homes in a year. It also suggested high-value thresholds at the launch of the policy (set out in paragraph 7 above) which provide some basis for estimating the impact.
14. In 2014/15 the City of London Corporation let 81 general needs homes – all of which were re-lets of existing stock. Of those lets, 41 had open market values above the high-value thresholds proposed. Twenty were in the City and 21 outside.
15. The combined market value of these high-value vacant homes was just over £17m. A proportion of this would be set aside to meet any outstanding debt attributable to the properties. Authorities may also be able to retain some of the receipts for investment in replacement housing.

Corporate & Strategic Implications

16. The value of the City of London Corporation's stock could require a payment that would lead over time to the loss of a significant portion of social housing stock,

unless the payment was to be funded in some other way. It could also undermine the viability of future social housing investment.

Conclusion

17. The data provided to the Government will inform its calculations of a payment in support of new housing policies. The effect of this calculation on the City of London Corporation will depend to a large extent on details to be set out in regulations supporting the Housing and Planning Bill when it becomes law.

Appendices

- None

Background Papers

- Report of the Remembrancer to the Community & Children's Services Committee, 11 December 2015, Item 7 (Housing and Planning Bill)

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