

ARTB 10

Bil Diddymu'r Hawl i Brynu a Hawliau Cysylltiedig (Cymru)

Abolition of the Right to Buy and Associated Rights (Wales) Bill

Ymateb gan: Chartered Institute of Housing Cymru

Response from: Chartered Institute of Housing Cymru

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## Evidence Submission to the Equalities, Communities & Local Government Committee

## Abolition of the Right to Buy and Associated Rights in Wales

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org)

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

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## Introduction

CIH Cymru welcomes the opportunity to provide a view on the Abolition of the Right to Buy and Associated Rights (Wales) Bill.

Our response is informed by feedback from our members, our knowledge of the housing industry and expertise from our policy and practice teams.

## General Comments

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face, to improve standards and supply, promote community cohesion, tackle poverty and promote equality. We promote a *one housing system* approach that:

- places the delivery of additional affordable housing at the top of national, regional and local strategies as a primary method of tackling the housing crisis;
- secures investment to ensure the high and sustainable quality of all homes in a sustainable framework;
- improves standards and develops the consumer voice within the private rented sector
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- uses current and potential legislative and financial powers to intervene in housing markets and benefit schemes;
- promotes consumer rights & tenant involvement;
- and supports the continued professional development of housing practitioners.

## **1. Introduction**

- 1.1 CIH Cymru welcomes the opportunity to provide evidence to the Equalities, Communities and Local Government Committee as it considers legislation to abolish the right to buy and associated rights in Wales. Social housing is a vital force in supporting economic growth, addressing homelessness and enhancing community well-being. We are in favour of abolishing the right to buy in the interest of protecting social housing stock that continues to be in high demand and ensure that efforts to build new homes can have the maximum impact.
- 1.2 We fully support the drive towards home ownership. Products such as Homebuy and other low-cost home ownership products can be used to meet the aspiration of home ownership. Abolishing the Right to Buy in Wales is an opportunity to raise awareness of these products and ensure alternative options to home ownership are well-recognised.
- 1.3 A report on the Future Need and Demand for Housing in Wales estimated that over the period 2011 to 2031 an additional 174,000 homes will be needed, or 8,700 a year ; of which, 63% would be in the market sector (5,500 a year, 109,000 over the period), and 37% in the social sector (3,300 a year, 65,000 over the period).<sup>1</sup>
- 1.4 The alternative projection leads to a higher estimate of need and demand: 240,000 homes over the period, or 12,000 a year; of which 65% would be in the market sector (7,800 a year, 156,000 over the period) and 35% in the social sector (4,200 a year, 84,000 over the period).<sup>2</sup>
- 1.5 Maintaining and increasing the supply of social housing in Wales is in everyone's interest. High quality housing that is affordable to maintain and heat can have a significant impact on individual/family well-being. Ensuring social housing stock levels are not adversely impacted by the sale of homes through Right to Buy is important in allowing social landlords to maximise their role in housing potentially vulnerable groups.
- 1.6 Between 1 April 1981 and 31 March 2016 around 136,000 local authority and 3,100 housing association homes were sold under the Right to Buy and Right to Acquire schemes. (This total is equivalent to 45% of the social housing stock in 1981).<sup>3</sup> At its peak in 2003-04 almost 7,000 homes were lost from the stock in a single year. This peak coincided with the decision to reduce the overall discount from £24,000 to £16,000.
- 1.7 Given the projected housing demand outlined above and the overall loss of homes through the Right to Buy, we believe that this legislation is the much needed step to protect the supply and availability of social housing in Wales.

## **2. Impact of Abolishing the Right to Buy in Wales**

- 2.1 We welcome the provision to cease the Right to Buy (RTB) for newly-let dwellings two months after the bill receives Royal Assent. This provides greater certainty to social landlords that any new homes built will be able to realise their full impact within the social sector.
- 2.2 In terms of impact, we expect that the abolition of the right to buy will stimulate a surge in applications. In Scotland the RTB scheme closed to all new applicants on 31 July 2016, application figures presented below for the latest quarter July to September 2016 relate to applications made during the single month of July 2016 only. During this time period there

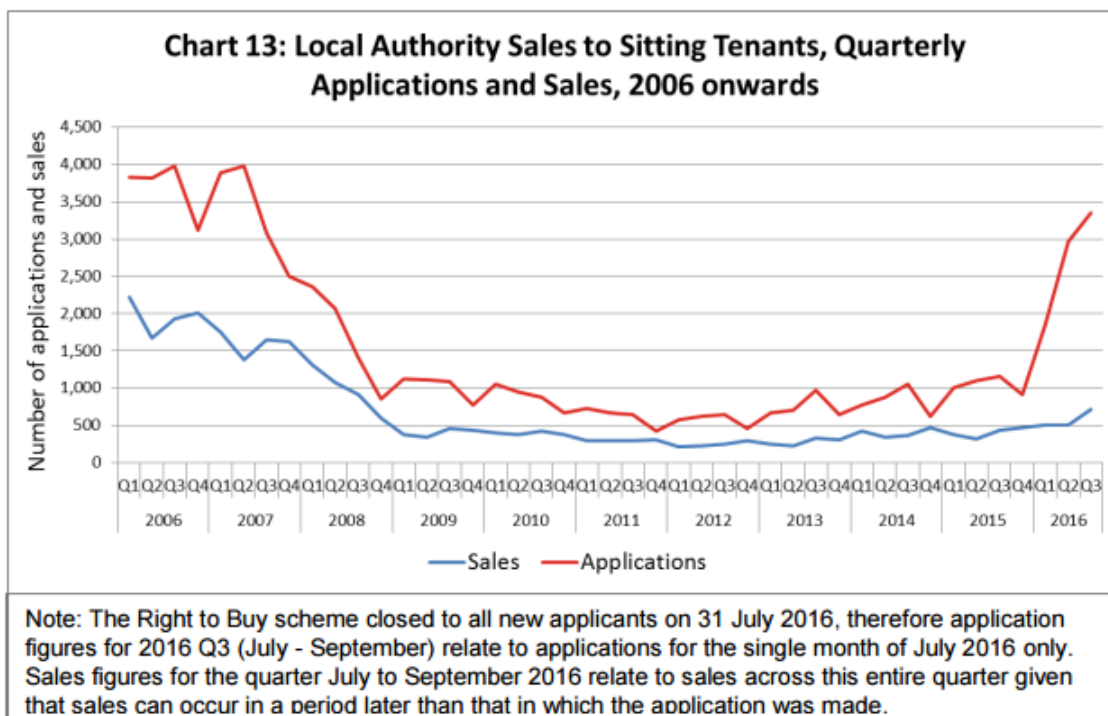
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<sup>1</sup> <https://sites.cardiff.ac.uk/ppiw/files/2015/10/Future-Need-and-Demand-for-Housing-in-Wales.pdf>

<sup>2</sup> <https://sites.cardiff.ac.uk/ppiw/files/2015/10/Future-Need-and-Demand-for-Housing-in-Wales.pdf>

were 3,353 RTB applications, just under three times the 1,161 applications in the same quarter in the previous year. Throughout the year to end September 2016 there were 9,060 applications made, more than double the 3,890 applications made in the year to end September 2015.

- 2.4 Immediately following the initial announcement the number of applications and the number of sales between July and September 2013 both increased (by 39% and 44% respectively) compared to the previous quarter. The increases were higher than in the same quarter of 2012, where the number of applications and the number of sales increased by 5% and 7% respectively. The following graph demonstrates the trends described above:



Source: Scottish Government, People Communities and Places, National Statistics Report, Quarterly Update (Published 14 March 2017)

- 2.5 We believe that progress towards abolishing the RTB is likely to cause a spike in applications higher than levels seen in recent years. Housing associations and local authorities will need to consider carefully their approaches to dealing with applications and queries. This will need to include consideration of staff time, legal advice and tenant engagement.

### 3. Broader issues with the RTB

#### Additional costs of RTB

- 3.1 We feel the case for abolishing the RTB in Wales is strong considering the policy is in conflict with broader housing policy around boosting the supply of high quality affordable housing. The Welsh Government's own research estimated that around 4,695 properties purchased under the RTB have transferred into the private rented sector. Extrapolating the sampled data from 8 authorities to an all-Wales level, the research goes on to estimate that over the period from 2010-11 to 2014-15 an annual average of £4.4million was spent in extra housing benefit payments, a total of £21.9million over the 5 year period.<sup>4</sup> This research demonstrates that despite the policy intention of RTB being driven by the desire to increase the rate of home ownership, this is not always the case.

<sup>4</sup> <http://gov.wales/docs/desh/publications/170313-analysis-of-data-on-cessation-of-right-to-buy-en.pdf>

## *Housing management and maintenance challenges*

- 3.2 In discussing some of the practical challenges around the RTB some of our members reported that some significant housing management and maintenance challenges can occur as a result. The Welsh Housing Quarterly Standard (WHQS) is the overarching improvement programme aimed at increasing the quality of social housing in Wales. This scheme, which has been particularly important in improving the condition of older housing stock in Wales had reached a completion rate by social landlords of 79% in 2016.<sup>5</sup>
- 3.3 Homes purchased under the RTB no longer fall under this programme of improvements and as such, our members report that in some cases there is a risk stock can fall into a poor state of disrepair as homeowners struggle to maintain and upgrade their homes. In flat blocks for example, this has caused particular challenges for social landlords in managing how improvement programmes are implemented, where there is often a mix of homes purchased through RTB and traditional social stock.
- 3.4 The return of social housing into the private rented sector following the RTB may suggest that in some instances tenants have faced significant challenges in meeting the upkeep needs of their home. This is supported by some anecdotal evidence from members who have suggested that even following the RTB being exercised, some tenants continue to seek advice and guidance on issues of maintenance and repairs.
- 3.5 Whilst we are encouraged that the relationship with social landlords continues beyond the point the RTB is exercised, there is a very limited amount that social landlords can do at this point to assist home owners with queries of this nature. We believe that further work is needed to ensure individuals/families fully realise the commitment in exercising RTB during the one year period before abolition.

## **4. The need to inform tenants**

- 4.1 We fully support efforts to inform tenants of the abolition of the RTB and to that end, welcome the information paper produced by the Welsh Government to support tenants in ascertaining if they have the right to buy and sign-posting to further information regarding legal advice and other options for home ownership.
- 4.2 The legislation makes provision to timescales within which information must be provided to tenants on the impact of abolishing the RTB. The legislation states that landlords will need to provide information within 2 months of Section 8 coming into force or within 1 month of receiving the information published by Welsh Ministers. We recognise that this is a tight timescale considering the communication resource this will require by some social landlords. We would encourage any information to be published in a manner which allows social landlords to consider their approach to communicating this information fully. Considering that this will need to be done through organisational boards and tenant scrutiny/liaison panels.

## **5. Boosting housing supply**

- 5.1 The discussion around abolishing the RTB further highlights the demand for and therefore the need to boost the supply of social housing in Wales. This should include consideration of how land can be best utilised for development (or re-development). The Welsh Government's Housing Land Availability in Wales report found that in 2015:
  - At 1 April 2015, 17 out of the 25 local planning authorities had less than five years housing land supply.
  - By comparison, 18 local planning authorities had less than five years housing land supply in 2014, 16 of which still have less than five years supply in 2015.

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<sup>5</sup> <http://gov.wales/topics/housing-and-regeneration/housing-quality/welsh-standard/?lang=en>

- 12 local planning authorities have had less than five years housing land supply for three or more consecutive years.<sup>6</sup>

5.2 An understanding of land availability is essential for local authorities as they consider, in partnership with local stakeholder, plans for meeting housing demand. Our members are supportive of efforts outlined in Welsh Government's white paper on reforming local government to ensure land could be packaged on a regional level and felt strongly that strategic planning policy is a natural area to sit at a regional level.

5.3 We strongly welcome Welsh Government 20,000 affordable homes target and the emphasis on ensuring the right mix of housing, including support for community mutuals and cooperatives to be the right direction of travel as we work to deliver the right mix of homes to meet demand.

## **6. Conclusion**

6.1 We hope the evidence provided will help inform the committee as it scrutinises aspects of the bill and we look forward to further engagement by providing oral evidence. CIH Cymru fully supports the policy intention of the bill and its timely introduction considering the demand for social housing across Wales.

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<sup>6</sup> <http://gov.wales/docs/desh/publications/161005housing-land-availability-wales-summary-2015-en.pdf>