



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

To: All Contacts from Wales

For info: Contacts from England, Scotland and Northern Ireland.

Key Issues

The social housing stock is not sufficient to meet demand. The stock has been eroded by the Right to Buy and Right to Acquire policies, coupled with the lack of new homes being constructed.

The National Assembly for Wales introduced the Abolition of the Right to Buy and Associated Rights (Wales) Bill on 13 March 2017.

Introduction

On 13 March 2017, the Abolition of the Right to Buy and Associated Rights (Wales) Bill was introduced in the National Assembly for Wales. The Bill is currently being considered by the Equality, Local Government and Community Committee and views are being sought on the Bill.

The Bill is seeking to abolish variation of Right to Buy (RTB) and Right to Acquire (RTA) within one year of obtaining Royal Assent which in line with the current Parliamentary timetable, would be in late 2018 or early 2019.

The provisions in the Bill include: -

- Restriction on exercising the right to buy
- Exceptions to the restriction on exercising the right to buy
- Restriction on exercising the right to acquire
- Abolition of the right to buy and right to acquire
- Information for tenants and prospective tenants
- Removal of powers to make grants in respect of discounts
- Consequential amendments and repeals.

The explanatory notes state that the Bill is aligned with the principles of Wellbeing of Futures Generations (Wales) Act 2015 and was one of the priorities in the Taking Wales Forward document.

This Briefing provides an outline of the Bill.

Background

The RTB and RTA have been a feature of social housing in Wales for some time and has resulted in more than 139,000 social houses being removed from the social housing stock between 1981 and 2016. Although the uptake in purchasing social homes has slowed in recent years, there has not been the required development of new homes to replace the stock and meet the increased demand.

The National Assembly in Wales has legislative competence to make provision in relation to housing in Wales by virtue of section 108 and Part 1 (Subject 11: Housing) of schedule 7 of the Government of Wales Act 2006 (the Act) and using this competence the Housing (Wales) measure 2011 was introduced. This has allowed local authorities in Wales to apply to suspend Right to Buy and Right to Acquire for five years in their local areas.

To date five Welsh Authorities have applied for the suspension: -

- Anglesey
- Carmarthenshire
- Cardiff
- Flintshire
- Swansea

Other Local Authorities have cited the reasons for not applying for the suspension as the amount of work required to complete an application, which includes the requirement to hold a public consultation, additional resource and the lack of capacity in the authority.

Making the case

The current policy in England continues to be in favour of home ownership, with proposals to extend the RTB and RTA to tenants of Housing Associations. The Government introduced a small initial pilot with five housing associations, L and Q, Riverside, Safron, Sovereign and Thames Valley and has recently announced the expansion of these pilots. Although the implementation date for the roll out of the policy to all Housing Association tenants is not confirmed, it is against this policy backdrop that the Welsh Government is set to follow Scotland in introducing legalisation to abolish the Right to Buy and Acquire.

Prior to the Bill being introduced steps in addition to the ability for Local Authorities to apply to suspend the RTA and RTA in their area which includes the implementation of legalisation on 14 July 2015 that reduced the level of discount applied to these types of sales from £16,000 to a maximum of £8,000, which is some ten times lower than the current level of eligible discount in England that currently stands at £78,600, except in London Boroughs where a maximum discount of £104,700 can be applied to the sale.

The Welsh Government are looking to create 20,000 affordable homes in the next four years and has wider aims to create a more prosperous and fairer Wales. The Communities Secretary, Carl Sargaent has been quoted as saying that protecting the social housing stock will assist in tackling poverty.

A report published in March 2017, 'Study into the level of transfer of former Local Authority stock into the Private Rented Sector following sale via the Right to Buy and additional costs to the public purse in terms of Housing Benefit payments' outlines details of a study which was carried out in order to inform the impact of the new Bill. The data used in the study looked at a five-year period between 2010-11 to 2014-15 in eight local welsh authorities and it is estimated that the cost to the public purse in terms of housing benefit was £9.3 million. However, the report states that there is a considerable variation across the eight local authority areas ranging from £220,000 in Monmouthshire to £4.5 million in Cardiff.

Introducing the legalisation

It is recognised by the Welsh Assembly that there will be consequences in introducing the legislation and as such is looking to introduce measures to mitigate the impact and use existing schemes to assist tenants that will no longer be eligible to buy their homes.

The spike in RTB and RTA sales experienced when Scotland introduced similar legislation is anticipated to be less marked in Wales due to the reduced discount and the fact that there are five local authorities that have already implemented a suspension of these types of sale.

In order to comply with human rights legalisation and to reduce the impact on existing tenants the Bill will require the Welsh Government to publish information, which social landlords in turn must provide to every affected tenant, within two months of the Bill receiving Royal Assent. In effect giving tenants 10 months to submit their application.

The recent study into the level of transfer of former Local Authority stock demonstrated that the impact of RTB and RTA varies considerably from one local authority area to the other. Therefore, Councils will still have the ability to sell there housing stock once the abolition comes into force, but only on a voluntary basis and these sales will have to be at the market rate.

The 20,000 affordable homes target will include schemes such as Help to Buy and Rent to Own to enable people on modest incomes to purchase home. These schemes will be in addition to expanding the social housing stock.

APSE Comment

APSE welcomes the aims expressed in outlining the reasons for abolishing the Right to Buy and Right to Acquire in Wales. The reduction of 45% of the social housing stock in Wales is a concern and is impacting on the ability of councils to meet the needs of their communities.

The low-cost ownership products, such as Help to Buy may help some people get a first step on the housing ladder but these will not address the wider issues of undersupply. A clear housing strategy is required that makes provision for decent homes for all and enables mechanisms to be implemented to allow the target of 20,000 affordable homes to be achieved, including providing support and training to local authority planning officers and supporting the expansion of the construction industry.

The variances in the impact of RTB and RTA on different local authorities highlight the complexity of the issues relating to the delivery of social housing and is evidence that there is not a one size fits all approach. Local Development Plans represent a key opportunity for the coordinated delivery of high quality social and affordable housing at a local level.

APSE believes that local authorities are pivotal to delivering the housing required for the community. By taking a strong leadership role to develop and maintain plans that meet the needs of the local area, inclusive and sustainable communities can be established with quality social and affordable homes.

Vickie Hacking
Principal Advisor