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White Paper

The Future of the *Right to Buy* and *Right to Acquire*

A White Paper for Social Housing

January 2015





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Foreword



Everyone needs a decent, affordable home. It is the foundation for a person's health, wellbeing, quality of life and ability to fulfil their potential. Not everyone can afford to live in the private sector and social housing with its lower rents makes a real contribution to tackling poverty, as well as providing homes.

Right to Buy and *Right to Acquire* have allowed many tenants to buy their homes from their Local Authority or Housing Association.

The number of sales has fallen in recent years, however, purchases are still being made. As a result, the number of homes available for those on lower incomes to rent has substantially decreased.

We know we need more homes. Our current social housing stock is under considerable pressure and is affecting people's ability to find a home they can afford and our ability to help them. We are working very hard to increase the number of homes available, building more affordable homes and bringing increasing numbers of empty homes back into use. At the same time, however, we continue to lose social housing through the *Right to Buy* and *Right to Acquire*.

It is time to consider what more can be done to help meet people's housing needs by protecting our existing social housing stock from further reductions.

This White Paper sets out two proposals. One of the proposals is for action in the short to medium term. This would reduce the maximum discount available to tenants who are eligible to buy their home. The other is for longer-term action, in the form of primary legislation, to end the *Right to Buy* and *Right to Acquire* which could be introduced following the next Assembly election.

Your views are important to me. I urge you to take this opportunity to respond to the consultation. Information on how you can respond is provided at the end of the document. The closing date for comments is 16 April 2015.

A handwritten signature in grey ink that reads "Lesley Griffiths".

Lesley Griffiths

Minister for Communities and Tackling Poverty

Summary

- A safe, secure, and affordable home helps people to live long, healthy, productive lives in safe, strong and fair communities.
- Some people cannot afford to buy a home or rent a home from a private landlord. They are dependent on social housing or some other form of subsidised provision. Social housing is a particularly important safety net.
- Over the last thirty years or so, the *Right to Buy* and *Right to Acquire* have allowed many tenants to buy their homes from their Local Authority or Housing Association.
- This document sets out proposals for changes to the *Right to Buy* and *Right to Acquire*. It explains the Welsh Government's thinking behind the proposals. Your views are important. The form in Appendix 1 enables you to comment on the proposals and relevant aspects of them, including alternative options, the impacts and the benefits.

The impact of the *Right to Buy* and *Right to Acquire*

- Between October 1980 and the end of June 2007, 134,600 Local Authority and 2,400 Housing Association homes were sold to tenants under the *Right to Buy* and *Right to Acquire* schemes. Most of these have become owner-occupied but some will have found their way into the private rented sector.
- The peak was in 1982-83, when just over 15,000 homes were sold from the social housing stock in just one year.
- In the last five years, an average of 188 homes has been sold each year through the *Right to Buy* and *Right to Acquire*. There was a marked increase last year, when 253 homes were sold; a 49 per cent increase over the previous year.

Addressing housing pressures

- The Welsh Government is working with its partners to increase housing supply. Nearly 70 per cent of the target of 10,000 more affordable homes has been achieved with many more on the way. In addition, the Government is now just 529 short of its target of bringing back into use 5,000 long-term empty private homes.
- In addition to building more homes and tackling empty homes, action also needs to be taken to protect existing social housing stock. This is recognised as an important contribution to tackling poverty.
- The demand for housing exceeds supply. The reduced number of social rented homes which are now available to help people on housing waiting lists is adding to the pressure on housing supply and on people's ability to find a home they can afford.

- Projecting with any degree of accuracy the number of homes lost in future years is a challenge but it is safe to say that social rented housing will continue to be sold.
- Given current housing pressures, which tend to fall on those whose needs cannot be met by housing markets, the time is right to consider more action.
- While action may mean changing the rights of some tenants, it must be balanced by consideration of the needs of people who are on waiting lists for a home they can afford.
- After considering the need to do more to help meet people's housing needs and having looked at different options, the Welsh Government is putting forward two proposals for public consultation. The consultation will close on 16 April 2015.

Reducing the sales discount

- The current limit on the sales discount for the *Right to Buy* and *Right to Acquire* is £16,000. In other words, the maximum discount a purchaser may receive on the sale price of the property cannot be more than £16,000.
- The discount for the *Right to Buy*, including the *Preserved Right to Buy* was last reduced in 2003. The discount for the *Right to Acquire* was set at £16,000 in 1997.

The Welsh Government is proposing to reduce the current maximum sales price discount from £16,000 to £8,000. Your views would be welcome on this as short to medium-term action to reduce future sales of social housing in order to protect our social housing stock. Appendix 1 provides a form for you to comment.

Ending the *Right to Buy* and *Right to Acquire*

- Ultimately, the only way to protect social housing stock from continuing erosion is to end the *Right to Buy* and *Right to Acquire*.

The Welsh Government is proposing to develop new primary legislation – a Bill – to end the *Right to Buy* and the *Right to Acquire*. The draft Bill would be prepared for the new Government to consider as part of its legislative programme in the next Assembly. Your views would be welcome on this as medium to long-term action to prevent the further loss of homes from our social housing stock. Appendix 1 provides a form for you to comment.

1. Introduction

The benefits of a safe, secure, and affordable home extend well beyond putting a roof over people's heads. It helps people to live long, healthy, productive lives in safe, strong and fair communities. It provides children with the best possible start to life, which gives them the best chance of realising their full potential.

We find ourselves in very difficult times. In terms of housing, economic and other factors have combined, causing considerable pressure on the supply of homes. The pressures affect many but the effect on people whose needs cannot be met by the housing market is particularly noticeable. Some people cannot afford to buy a home, or to rent a home from a private landlord. They are dependent on social housing or some other form of subsidised provision. Social housing is a particularly important safety net.

As a Government, we have already done much to help meet people's housing needs. The money we have invested will help achieve our targets of providing 10,000 more affordable homes and bringing 5,000 empty homes back into use in communities across Wales. However, we want to do more to help people and the considerable challenges that lie ahead make us even more determined to do so.

Our approach reflects our values of fairness, social justice and equality. Affordable homes are vital to our goal of reducing poverty. We are continuing to develop innovative ways of helping people to afford a home, which reflect people's different needs and circumstances. We are also developing a more flexible housing system to help people to move more easily between social housing, private rented accommodation, and home ownership to suit their needs at different times of their lives. However, we remain fully committed to the principle of social housing and to helping people whose housing needs cannot be met by the markets.

Over the last thirty years or so, the *Right to Buy* and *Right to Acquire* have allowed many tenants in social housing to buy their home from their Local Authority or Housing Association. As a result, there has been a significant reduction in our social housing stock. Much of it has become owner-occupied but some will have found its way into the private rented sector. The reduced number of social rented homes which are available to help people who are on housing waiting lists is adding to the pressures on housing supply and on people's ability to find a home they can afford.

This White Paper puts forward two proposals for public consultation. Both are aimed at protecting the social housing stock from further reduction:

- i. Changing existing legislation – which will reduce the maximum discount available to a tenant who applies to buy their home from their Council or Housing Association landlord, and:
- ii. Developing new legislation – which, if passed by the National Assembly for Wales, will end the *Right to Buy* and *Right to Acquire*.

This document

This White Paper sets out the Welsh Government's proposals to change the legislation on the *Right to Buy* and *Right to Acquire*.

Chapter 2 provides information on the *Right to Buy* and the *Right to Acquire* while **Chapter 3** explains why change is needed. This provides the thinking behind the proposals.

The proposals are in two parts. **Chapter 4** sets out proposals to reduce the maximum discount that is available to tenants who are eligible to buy their home from their Local Authority or Housing Association landlord. **Chapter 5** proposes new legislation to end the *Right to Buy* and *Right to Acquire*.

Your views

Your views on the proposals are important. We believe that the changes and developments will do more to tackle the demand and supply pressures on our current stock of social housing. This, in turn, will help meet the housing needs of those who are unable to take advantage of the housing market.

This White Paper is open for public consultation and your comments on the proposals are welcome. You can comment on the proposal to reduce the maximum discount (Chapter 4) or the proposal to end the *Right to Buy* and *Right to Acquire* (Chapter 5), or you can comment on both. Appendix 1 provides information on how you can comment on the proposals.

Comments can be submitted in a number of ways:

Email: righttobuy@wales.gsi.gov.uk

Post: "The Future of the *Right to Buy* and *Right to Acquire*",
Welsh Government,
Housing Policy Division,
Rhydycar,
Merthyr Tydfil
CF48 1UZ

The consultation will close on 16 April 2015.

Data protection: How the views and information you give us will be used

Any response you send us will be seen in full by the Welsh Government staff working on the issues covered by this consultation. It may also be seen by other Welsh Government staff to help them to plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps

to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then block them out.

Names or addresses we block out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decide whether to reveal the information.

2. The *Right to Buy* and *Right to Acquire*

The right of a tenant of a Local Authority or Housing Association to buy their home at a discount has been a feature of social housing for over thirty years. The introduction of the *Right to Buy* in 1980 was grounded in UK Government policy at that time. Increasing home ownership was one of the main reasons for its introduction although raising money and reducing the cost on the public purse of maintaining and improving Council housing are also thought to have been factors.

The *Right to Buy* and the *Right to Acquire* are contained in two Acts of Parliament.

The *Right to Buy* is contained in the Housing Act 1985. It gives most tenants who have a secure tenancy, usually those who rent from a Local Authority, the *right to buy* their home at a discount from the market price. It is subject to certain conditions and exceptions. Where the landlord owns the freehold of a house, the tenant has the *right to acquire* the freehold. Where the landlord does not own the freehold or the home is a flat, the right is to be granted a lease on it.

The *Right to Acquire* is part of the Housing Act 1996. It gives a tenant the *Right to Acquire* his or her home if a number of conditions are satisfied. First, the landlord must be a Registered Social Landlord or a Private Registered Provider of Social Housing. This document uses the term "Housing Associations" to cover both. Second, the tenancy must be an assured or secure tenancy. Third, the dwelling was provided with public money and has remained in the social rented sector. The tenant must also satisfy some further qualifying conditions.

In addition to the above, there is also a provision known as the ***Preserved Right to Buy***. This applies to tenants after a transfer of the ownership of a Local Authority's homes to a new Housing Association. The existing secure tenants of the Authority became assured tenants of the new landlord. The Housing Act 1985 provides that they retain a preserved *Right to Buy* despite the change of landlord. This right can continue if the tenant moves to another property owned by the new landlord and it would be also preserved if there was another change of landlord.

Some parts of this paper may use only the term *Right to Buy*. Where this occurs, references to *Right to Buy* should be taken to mean the *Right to Buy*, the *Preserved Right to Buy* and the *Right to Acquire*, unless the context indicates otherwise.

3. Why is change needed?

At 31 March 2013, there were an estimated 1.4 million homes in Walesⁱ, of which around 223,000 are social housing (16 per cent)ⁱⁱ. Social housing is one element of “affordable” housing and describes homes rented at levels set with regard to national guidelines and benchmarks. They are provided by Local Authorities and by Housing Associations.

Since 2000-01, the total number of homes in Wales has increased by 9 per cent. However, in the same period, the number of social rented homes has fallen by 8 per cent. Some people cannot afford a home from the housing market, whether renting from the private sector or buying their own. They are dependent on social housing or some form of subsidised provision.

Housing demand and need

The pressure on housing supply and its failure to keep pace with demand is well known. Research in 2010ⁱⁱⁱ in Wales reported the need for approximately 14,200 more homes per year, of which around 5,100 were “non-market” homes. The latter includes homes provided by Local Authorities and Housing Associations, and private rented properties subsidised by Housing Benefit.

The estimate was based on rates of household formation. The economic downturn in the years immediately before 2010 and since has had an impact on the assumptions underpinning this. Over and above the general impacts of the economy, the tighter lending market has affected people’s ability to obtain a mortgage. Thus, while the aspiration of many people is to leave home to set up their own household, the chances are reduced.

At 31 March 2013, approximately 70 per cent^{iv} of homes in Wales were owner-occupied. Fourteen per cent were in the private rented sector; slightly lower than social housing at 16 per cent. Despite the rise in the number of people renting from private landlords and efforts to make it a more acceptable option, most people would still like to own their own home.

House prices are sensitive to supply and demand factors, the economic climate, and the cost and availability of mortgages. Rising house prices, although not seen in all parts of Wales, make market housing unaffordable for many people. These days, more household income goes into meeting the costs of housing, thus reducing disposable income and people’s standard of living. This can mean more people becoming dependent on forms of subsidised housing provision. Although the private rented sector provides greater flexibility and choice, unaffordable rent levels and tenancy considerations prevent the more disadvantaged people from taking advantage of it. Subsidies, such as Housing Benefit, can help some people. The excess demand over supply contributes to the increasing pressure on social housing as the best way of meeting some people’s housing need.

Housing supply

The characteristics of the housing system have changed as a result of the reduction in social housing and tighter lending criteria for mortgages. As mentioned, more people are turning to, and in many cases have had to turn to, the private rented sector.

In the last decade, house building peaked in 2006-07 with just over 9,300 new homes built. The average over the decade was approximately 7,000 per year. Between 2009-10 and 2013-14, an average of around 5,700 new homes was built each year. In 2013-14, there were 5,843 completions^v.

The levels of new housing starts and completions over the last five years have been some of the lowest ever. There are, however, signs of recovery, with the number of new homes started last year rising for the second successive year.

The number of new social housing dwellings completed annually contrasts with an average of 188 sales per year through the *Right to Buy* and *Right to Acquire*. While the total number completed in 2013-14 was 5 per cent lower than 2009-10, sales of social housing were 45 per cent higher.

Chart 1: Completions of new social housing dwellings and statutory sales of social housing, Wales, 2009-10 to 2013-14



Source: New house building collection from local authorities & NHBC and Annual social Housing sales returns from local authorities and RSLs.

On average, 826 new social housing dwellings have been completed annually in each of the last five years. This compares with the average of 188 sales of social housing sales per year.

The full impact of the past large-scale reduction in social housing to *Right to Buy* and *Right to Acquire* is being seen now, with significantly less social rented housing stock to allocate to people whose needs cannot be met by the housing market.

The impact on social housing stock

The period between 1980 and the middle of 2007 saw considerable *Right to Buy* activity and as a result, a significant shift from social renting to owner-occupation. In this period, some 134,600 Local Authority and 2,400 Housing Association homes were sold to tenants under the *Right to Buy* and *Right to Acquire* schemes.

In the ten years or so from March 2003 to March 2013, the proportion of dwellings in the social rented sector has fallen from 21 per cent of total housing stock to 16 per cent. The table below illustrates the pattern of purchases over time and, significantly, the total number of social housing dwellings lost since 2000.

Table 1: Purchases through *Right to Buy* and *Right to Acquire* Wales, 2000-01 to 2013-14

Year	Number purchased
2000-01	3,560
2001-02	3,516
2002-03	4,992
2003-04	6,907
2004-05	4,155
2005-06	1,865
2006-07	1,321
2007-08	873
2008-09	209
2009-10	174
2010-11	172
2011-12	171
2012-13	170
2013-14	253
Total	28,338

The peak was in 1982-83 when just over 15,000 homes were lost from the social housing stock in just one year. Table 1 above shows that over the period from 2000-01 to 2013-14, following a peak of 6,907 sales in 2003-04, the trend in *Right to Buy* sales has been firmly downward. However, even in this fourteen year period, more than 28,000 homes have been sold.

In the last five years, on average, 188 homes have been lost from the social rented stock each year through *Right to Buy* and *Right to Acquire* sales. It is worth noting that in the last financial year, the activity showed a marked increase, with 253 homes purchased; a 49 per cent increase over the previous year.

Projecting with any degree of accuracy the number of homes lost in future years is a challenge but it is safe to say while the *Right to Buy* remains, the social housing stock will continue to reduce. The overall desire of people to buy their home is a constant. It is the factors that affect people's ability to buy, notably the ability to raise the finance, which determine the numbers. There is anecdotal information from contact with tenants that the maximum discount of £16,000 on the purchase price means that some are still unable to raise the finance needed to purchase their home.

Whatever the figures for future homes sold, the sale of homes will impact on people's ability to access social housing from housing waiting lists. Properties sold under the *Right to Buy* are taken out of the stock and those on the waiting list can not be allocated a social rented home unless new replacement homes are built or a vacancy arises.

Action by the Welsh Government

The Welsh Government has in hand an ambitious programme of legislation and other action to improve the effectiveness and efficiency of the housing system in Wales and to help people to meet their housing needs. It includes improving the practices of private landlords and lettings agents. New legislation to be introduced in the coming weeks – the Renting Homes (Wales) Bill 2015 – will also improve the arrangements for people who rent their home.

More action to boost housing supply is the priority and action is underway with house builders, lenders, Local Authorities and Housing Associations. At one end of the spectrum is help for people to buy their own home through *Help to Buy*. At the other end is affordable housing at below market rental rates, which includes the more traditional social housing, owned by Local Authorities and Housing Associations, and an element of the private rented sector. Between the two are homes built to rent at intermediate rent levels for people who can't quite afford the full rates. The Welsh Government's intermediate rent model *Rent First* is set at 80 per cent of market rents and targeted at, or below, Local Housing Allowance rates.

The Social Housing Grant programme delivers more affordable homes, the target for which was set at 7,500, for this term of Government, has been increased to 10,000. Between 2011-12 and 2013-14, a total of 6,890 additional and affordable housing units were built in Wales. This is 69 per cent of the 10,000 target^{vi}.

Innovative developments include the Housing Finance Grant, the first phase of which will provide approximately 1,000 new affordable homes with another 2,000 homes in phase 2. New developments such as the Ely Mill site, which will result in 700 homes, have been set up to maximise the use of public sector land to create more homes. Since 2011-12, the Welsh Government has invested £15 million in the Welsh Housing Partnership, which has provided over 650 affordable homes for intermediate rent through collaboration with four Housing Associations. The Welsh Government is investing £6 million in the Partnership this financial year, which will provide a further 260 affordable homes.

There is a robust national planning policy framework to support the local delivery of affordable housing, which makes an important contribution to the overall supply of affordable housing.

The Housing (Wales) Act 2014, which abolishes the Housing Revenue Account Subsidy system for the eleven Local Authorities still owning their own housing, offers some the prospect to add to housing supply. If finance is available, the result may be the first council house building programme for around 25 years. In the context of the *Right to Buy*, it is fair to say that Local Authorities are apprehensive about investing in new social housing if there is a risk they could lose the homes to sales within a relatively short period.

Over and above building more homes, the best use must be made of existing homes. This means tackling the waste which is seen with homes that remain empty for long periods. The Welsh Government's *Houses into Homes* scheme helped Local Authorities to bring back into use nearly 2,300 long-term empty properties in 2013-14, which is more than double the usual annual figure. This means that 4,471 have been brought back into use in the first three years of this Government, which is only 529 short of the 5,000 target for the whole term.

The need for more action

In addition to building more affordable homes and tackling long-term empty homes, action can also be taken to protect the social housing stock from sale of more homes under the *Right to Buy* and *Right to Acquire*.

Recognising the impact of *Right to Buy* and the *Right to Acquire* and the continuing pressure on social housing, in 2011, the Housing (Wales) Measure was introduced. The Measure allows a Local Authority to apply to the Welsh Government to suspend the *Right to Buy* and the *Right to Acquire* in its area.

The suspension, which can be for a period of up to five years, extendable to ten years, may apply to all social housing in the area or parts of the area, or to certain types of social housing, such as those with a particular number of bedrooms for example. Certain conditions must be met. The Authority must consult beforehand and needs to show the demand for social housing within the Authority's area exceeds supply or is likely to exceed supply, and the imbalance is likely to increase as a result of people exercising their *Right to Buy* and related rights.

To date, two Local Authorities – Carmarthenshire and Swansea – have applied to suspend the *Right to Buy* and the *Right to Acquire*. In both areas, and as a result of public consultation, there has been an increase in the number of applications and this has translated into an increased number of sales. This is somewhat inevitable but the applications for suspension reflect the desire on the part of both Authorities to halt the continuing loss of social housing in the medium to long-term. After careful consideration, Welsh Ministers have approved the suspension in Carmarthenshire. Swansea's application is in the final stages of consideration.

The opportunity to suspend the *Right to Buy* can help to slow down the reduction in social housing as a result of homes being sold to their tenants. However, its impact depends on how many Local Authorities apply for suspension and how quickly. In over three years, only two Authorities have submitted applications. The Welsh Government therefore considered a number of options to protect social housing from further reductions.

One of the options considered included the provision of assistance to Local Authorities to help them to develop their applications to suspend the *Right to Buy*. This option recognises the work involved for each Authority in preparing its case and for consulting with people locally. Allowing a Local Authority to make its own decision; that is, without an application to the Welsh Ministers, was also considered. The latter was dismissed as it would not lessen the work involved for each Local Authority but the key factors in not selecting either option were effectiveness and equality. As both depend on action by each Local Authority, there is no guarantee every Authority would take action to suspend the *Right to Buy*. Even if they did, it would be some time before the stock is protected in every area. At the same time, suspension of the *Right to Buy* in some areas but not in others would lead to inequalities, with tenants in some areas having different rights to those in others.

The above, together with consideration of what could be done relatively quickly by existing legislation and what would require new primary legislation explains the choice of proposals set out in this document. Reducing the discount can be done by way of existing legislation.

Tackling poverty

The lack of housing supply to meet demand is well documented. The provision of a secure, affordable, home is a key factor in tackling poverty. According to the Joseph Rowntree Foundation^{vii}, housing costs are the housing sector's most important and direct impact on poverty. The number of people in "housing cost-induced poverty" – those who are not poor before housing costs are taken into account and are poor once housing costs are considered – has increased over the past two decades. It goes on to say that low rents, such as those for Local Authority and Housing Association homes, make an important contribution to reducing "housing cost-induced poverty" and material deprivation amongst social tenants. As social housing is highly targeted on people with low incomes, the Foundation concludes it to be the most "pro-poor" and redistributive aspect of the entire Welfare State. It therefore recommends that if housing policy is to be used to reduce poverty, traditional social housing should be maintained and developed.

The safety net provided by social housing, for those people whose housing needs cannot be satisfied by the housing market, and for vulnerable people, is crucial to the quality of their lives, including their health and well being. It is a core component of tackling poverty.

Given current housing pressures, which tend to fall on those whose needs cannot be met by housing markets, the time is right to consider more extensive action. While this may mean changing the *Right to Buy* of tenants who are eligible to buy the social rented property in which they live, this must be balanced by consideration of the needs of people on waiting lists for a home they can afford.

The approach

As stated earlier, the Welsh Government considered a number of options to achieve its ultimate goal of protecting our social housing stock from further reduction as a result of the *Right to Buy* and the *Right to Acquire*.

The continuing use of the Housing (Wales) Measure 2011 allowing Local Authorities to apply for suspension of the rights, with or without assistance to encourage a greater take-up by Local Authorities, is not considered to be effective in stemming the sales of social housing. In addition, the different pace at which Local Authorities apply for suspension, if they decide to apply at all, is likely to lead to differences across Wales, where people in some areas still have the rights while people in other areas do not.

Having considered the matter very carefully, a twin track approach is proposed. It consists of two strands of action, which would run in parallel with one another.

- i. A proposal to reduce the maximum discount from the current figure of £16,000 – short to medium-term impact, achieved by secondary legislation.
- ii. The development of a legislative proposal to end the *Right to Buy* and *Right to Acquire* – medium to long-term impact, achieved by primary legislation.

This consultation covers both of the above, Chapter 4 sets out proposals to reduce the maximum discount on sales from its current level of £16,000. Chapter 5 describes a proposal to develop new legislation to end the *Right to Buy* and *Right to Acquire*.

Impacts

We have a duty to consider equality. This includes considering how our policies and change in policies might affect, positively or negatively, different groups within the population.

We have a duty to consider the impact(s) of the action we propose to take. If decisions are made to take forward either or both of the proposals, the impacts of such developments would, be considered as part of Regulatory Impact Assessments. Initial consideration has been given to the impacts on important matters such as the United Nations Convention for the Rights of The Child, equality, the Welsh language and rural matters.

Young people are our future society and workforce. So much depends on giving them the best possible start in life. The Welsh Government is committed to helping children gain a good start in life so they can achieve their full potential. A good home is an essential part of this.

The proposals would contribute to implementing the United Nations Convention for the Rights of The Child, notably Articles 3, 6, and 27.

These refer to children's rights to live healthily and the right to a standard of living good enough to meet physical and mental needs, including Government support for parents who cannot afford to provide it. In this sense, social housing, and the proposals to do more to protect it, would make a significant positive contribution.

The proposals would result in changes which would apply equally to all social housing tenants in all parts of Wales. This is unlike the current position where the *Right to Buy* is only available to tenants not affected by a suspension in their area. The outcome of continuing the current law which allows the suspension of the *Right to Buy* in some areas will result in different rights for some social housing tenants in one area compared to others.

The proposal to end the *Right to Buy* would help to reduce inequalities and thus would promote equality. It would also end the inequality that can arise for some tenants as a result of other restrictions on them being able to exercise the *Right to Buy*, such as renting a home which is exempt, or being unable to raise the money to purchase it. The proposals would apply equally to all social housing tenants so protected groups are not considered to be adversely affected. The same is true for the Welsh language and for rural areas. The application of the changes in all parts of Wales would not have any adverse effects. If anything, it is likely to have a positive impact since protecting the social housing stock in such communities to help meet the housing needs of local people is particularly important. Your comments on anyone you consider would benefit from the proposed changes or anyone who would be adversely affected would be welcome. The consultation form in Appendix 1 will allow you to do this.

4. Reducing the maximum sales price discount

The current limit on the sales discount for the *Right to Buy* and *Right to Acquire* is £16,000. In other words, the maximum discount a purchaser may receive on the sale price of the property cannot be more than £16,000. It may be less, depending on how the discount is calculated. The level of discount is one means of influencing the number of sales of social housing. A relatively low discount is a disincentive to purchasers.

In the case of the *Right to Buy* and the *Preserved Right to Buy*, the limit was last reduced in 2003. The maximum discount for the *Right to Acquire* was set at £16,000 in 1997. Existing legislation allows the Welsh Ministers to adjust the sales price discount. The relevant provisions are sections 129 to 131 of the Housing Act 1985, and these were used to make the Housing (*Right to Buy*) (Limits of Discount) Wales Order 1999 ("the Order"). The Order was amended in 2003 to reduce the maximum discount from £24,000 to £16,000.

Section 16 of the Housing Act 1996 gives tenants of Housing Associations the *Right to Acquire* their homes. This is similar to the *Right to Buy* but there are more exceptions. Section 17 allows discount levels to be set and this power was used to set a maximum discount of £16,000 in the Housing (*Right to Acquire*) (Discount) (Wales) Order 2007.

Reducing the discount can be done by way of an Order of the Welsh Ministers, it is relatively straightforward and could come into effect in the short to medium-term. For example, if after consultation, the decision is made to reduce the discount, the lower discount could come into effect in the summer or autumn of 2015.

Such a development would not change people's aspiration to buy and where some could find a means of affording it, purchases would still go ahead. It would not totally prevent the sale of social housing stock. However, the higher cost of purchasing the property would help to dampen sales of social housing. It would also result in more money for the Landlord in the event of a sale, although the contribution to the cost of building more affordable housing would be relatively small.

Proposal

The Welsh Government is proposing to reduce the current maximum sales price discount from £16,000 to £8,000. Your views would be welcome on this as short to medium-term action to reduce future sales of social housing in order to protect our social housing stock. Appendix 1 provides a form for you to comment.

5. Ending the *Right to Buy* and *Right to Acquire*

This document has described the impact of the *Right to Buy* on social housing stock to date. This is expected to continue in future. The pressure on housing supply is increasing. Considerably more affordable homes are needed and the Welsh Government has taken steps to increase housing supply. Social housing forms a vital safety net for people whose needs cannot be met by the housing market. Protecting social housing from further reduction is as important as building more homes as part of action to tackle poverty.

For the above reasons, the Welsh Government is considering ending the *Right to Buy* as ultimately, it is the only real way to protect social housing stock from continuing erosion. It isn't the quickest option but it is considered to secure the greatest benefit relative to the investment of time, resources and funding needed to implement.

It is recognised that the proposal to end the *Right to Buy* will probably trigger a potential spike in applications to purchase properties by those who are eligible to do so. The proposed reduction in the sales price discount will, if it goes ahead, help to dampen sales. However, a strategic view is being taken about the longer-term benefits to social housing in Wales. It is also recognised that the removal, albeit in the medium to long-term, of the rights of some tenants to be able to purchase their homes will be for some a sensitive matter. However, and as explained earlier, the Government must balance this against the needs of people who are on waiting lists for a home they can afford and the current difficulties in meeting this demand.

This proposed development would have an effect in the medium-term to long term which is why, subject to the outcome of consultation, the work to develop new primary legislation – a new Bill – would need to commence fairly soon, hence this consultation. The development programme would see the drafting of a Bill, accompanied by the Explanatory Memorandum which needs to accompany it and a full Regulatory Impact Assessment. The latter would explore in detail matters relating to the legislation proposed, financial impacts and implications. The work for this and the Memorandum would be developed with the involvement of key stakeholders.

If after consultation the development proceeds, the new Government would be able to introduce a Bill in the next Assembly should it wish to do so.

Proposal

The Welsh Government is proposing to develop new primary legislation – a Bill – to end the *Right to Buy* and the *Right to Acquire*. The draft Bill would be prepared for the new Government to consider as part of its legislative programme in the next Assembly. Your views would be welcome on this as medium to long-term action to prevent the further loss of homes from our social housing stock. Appendix 1 provides a form for you to comment.

Appendix 1: Consultation questions

We welcome comments on all aspects of the proposals. We are particularly interested in responses to the questions. The first part of the form asks for information about you and/or your organisation

Name:			
Organisation (if applicable):			
E-mail address:			
Telephone:			
Address:			
Are you: (please tick one)	A tenant <input type="checkbox"/>	A Social Landlord <input type="checkbox"/>	Other <input type="checkbox"/>
If "Other", please give details			

Helping people to meet their housing needs		
1. Should the Welsh Government take more action to help people whose needs cannot be met by the housing market? <i>(please tick one box)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Should the Welsh Government do more to keep the current stock of social rented homes by protecting it from further reductions as a result of <i>Right to Buy</i> sales? <i>(please tick one box)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. If action is taken, would any particular groups of people be affected more than others? <i>(please tick one box)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. If anyone would benefit from changes to the <i>Right to Buy</i> , please say which group(s) of people and what the benefits would be.		
5. If anyone would be affected in a negative way, please say which group(s) of people and what might to be done to mitigate the impact(s).		
Reducing the maximum sales price discount		
6. Do you agree with the proposal to reduce the current discount? <i>(please tick one box)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7. In a few words, please say why you answered in this way.		
8. Do you agree with the proposal to reduce the discount to £8,000? <i>(please tick one box)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9. If "No", to what figure do you think the discount should be reduced?		
10. This box is provided for any other comment(s) you wish to make about the proposal to reduce the discount or about the <i>Right to Buy</i> more generally.		

Ending the *Right to Buy* and *Right to Acquire*

11. Do you agree with the proposal to develop new legislation to end the *Right to Buy*? (please tick one box)

Yes

No

12. In a few words, please say why you answered in this way.

13. If you answered "No" to Question 11, should the Welsh Government simply continue with other options, such as the opportunity a Local Authority currently has to apply to suspend the *Right to Buy* in its area?

Yes

No

14. This box is provided for any other comment(s) you wish to make about the proposal to develop new legislation to end the *Right to Buy* or about the *Right to Buy* more generally.

If you are responding on behalf of your organisation, please tick the box.

Appendix 2: References

- i. Holmans A and Monk S, (2010) Housing Need and Demand in Wales 2006 to 2026, GSR 03/2010 Cardiff: Welsh Government
- ii. Census 2011
- iii. Holmans A and Monk S, (2010) Housing Need and Demand in Wales 2006 to 2026, GSR 03/2010 Cardiff: Welsh Government
- iv. StatsWales 2012-13
- v. StatsWales, New Dwellings completed 2004-05 to 2013-14
- vi. StatsWales, New Dwellings completed 2004-05 to 2013-14
- vii. Joseph Rowntree Foundation (2013) The Link Between Housing and Poverty: an Evidence Review: York: Joseph Rowntree Foundation