

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **HOUSING OVERVIEW & SCRUTINY COMMITTEE**

DATE: **24TH MARCH 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY & ENTERPRISE)**

SUBJECT: **THE FUTURE OF THE RIGHT TO BUY AND RIGHT TO ACQUIRE**

1.00 PURPOSE OF REPORT

- 1.01 To inform Members of the Welsh Government (WG) consultation currently open concerning the Right to Buy and Right to Acquire.
- 1.02 To seek Member support for the proposed response to the consultation.

2.00 BACKGROUND

- 2.01 Currently social housing tenants have the ability to purchase their homes under the Right to Buy for Council tenants, or the Right to Acquire for tenants of a Registered Social Landlord (RSL). The tenants of Large Scale Voluntary Transfer (LSVT) organisations have a preserved Right to Buy.
- 2.02 Tenants have a right to buy their house or flat if it is their only or principal home. Tenants of sheltered housing are not permitted to buy their homes under this right.
- 2.03 The Right to Buy Scheme in Wales gives tenants a discount of up to £16,000 on the market value of their home. The longer the person has been a tenant, the greater discount they can receive up to the maximum limit.
- 2.04 Social housing tenants whose tenancy commenced before 18th January 2005 must have been tenants for 2 years before they can access the discount. Social housing tenants whose tenancy commenced after 18th January 2005 must wait 5 years before accessing any form of discount.
- 2.05 The discount tenants received can be reduced to take account of the work that the Council has undertaken in the repair or maintenance of the property over the last 10 years. This provision is known as the cost floor. If the cost of those repairs over the previous 10 years is greater than the market value of the property, then no discount is provided.

- 2.06 During the last 5 years the Council has sold 33 properties under the Right to Buy, generating a capital receipt of £549,325 from the 25% it is permitted to retain once the remainder is returned to the treasury. The capital receipt is a one off payment the Council receives. By comparison the 33 properties sold reduced the income to the Council by £132,000 each year. It should be noted that under self-financing the Council will be entitled to retain 100% of the market value of the property if sold.
- 2.07 If the purchaser of a Right to Buy property wishes to sell it on, then that is subject to a number of restrictions. If they sell within 12 months of acquiring it from the Council, then the entire discount must be repaid. The amount of repayment then decreases by one fifth each year until year five, when no repayment of the discount would be required.
- 2.08 In addition where a purchaser wishes to sell their home within 10 years, they must offer it first to their former landlord. In this case the Council retain the option to re-acquire it at market value.
- 2.09 When a flat is purchased there are ongoing costs to the Council in terms of maintaining the external fabric of the building and the communal areas. The Council can also make a service charge to the owner to cover maintenance of communal areas and all these costs will be made known to the purchaser through the conveyancing process.
- 2.10 There is a prescriptive process for the tenant when informing the Council that they wish to exercise the right to buy, with definitive timescales for a response. Following this the Council must inform the tenant of the market value of the property. If the prospective purchaser does not agree with the Council's market valuation then the District Valuer will determine the price to be paid.
- 2.11 There is currently provision for Councils to apply to WG to suspend the right to buy in specific areas for an initial five years (with maximum extension to 10 years). A business case must show how local people would be able to access affordable home ownership locally, for a case to be supported, and must demonstrate high levels of demand for social housing in the area.
- 2.12 An application will be submitted over the coming months given that there is an intention to build 200 new Council homes over the next 5 years.

3.00 CONSIDERATIONS

- 3.01 The Minister for Communities and Tackling Poverty has opened a consultation on the Right to Buy and right to Acquire on 22nd January 2015, which closes on 16th April 2015.

The consultation contains the following two proposals: -

- To reduce the maximum discount from £16,000 to £8,000. This is viewed as a short to medium term action to reduce sales.
- The development of new primary legislation to suspend the Right to Buy and Right to Acquire for all social housing tenants across Wales.

4.00 RECOMMENDATIONS

4.01 That Scrutiny note the Welsh Government consultation currently open concerning the Right to Buy and Right to Acquire.

4.02 The Flintshire County Council responds positively to the consultation and supports early implementation of the reduction to the discount, followed by the ending of the Right to Buy and Right to Acquire.

5.00 FINANCIAL IMPLICATIONS

5.01 The Council receives a proportion of the market value for any property sold. This currently provides a capital receipt of 25% of the value to the Housing Revenue Account. However, every property sold reduces the Council's income by on average £4000 per year and reduces the availability of social housing to meet local need.

6.00 ANTI POVERTY IMPACT

6.01 The proposals are designed to reduce and then stop the sale of social housing, given more people on low incomes the chance to rent an affordable property.

7.00 ENVIRONMENTAL IMPACT

7.01 There are no environmental impacts as a result of this report.

8.00 EQUALITIES IMPACT

8.01 The proposals would be fair and equal to all current and prospective social housing tenants.

9.00 PERSONNEL IMPLICATIONS

9.01 There are no personnel implications as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 There has been no consultation undertaken to date

12.00 APPENDICES

12.01 Consultation Document – White Paper – The Future of the Right to Buy and Right to Acquire

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None.

Contact Officer: Gavin Griffith

Telephone: 01352 703428

Email: Gavin_Griffith@flintshire.gov.uk