



### The District Councils' Network's Response to the Government's Reinvigorating Right to Buy Consultation

The District Councils' Network (DCN) welcomes the opportunity to comment on this consultation. The DCN is a Special Interest Group of the Local Government Association. It is a single voice for districts to central government and national organisations. It represents 186 district councils.

#### **Q1. We would welcome views on the proposals for caps, discount rates and eligibility**

The Network recognises that the proposals will provide opportunities for more households to enter into home ownership.

The Network does, however, have concerns that it will take some of the best social stock away from district councils in some of the better areas. Lack of available land near to town or urban centres could lead to homes being built on land away from services such as shops, schools, GPs etc. Social housing should not be pushed away from the town centres and its associated community support networks.

We agree that the qualifying period for eligibility should remain at 5 years.

We are also aware that the increase in the caps will result in a smaller receipt for Councils. In line with the Localism Act, local councils should be able to decide or influence the level of caps as well as retaining receipts from sales locally. Some of our members are unhappy with the increase in discounts as they feel it is over generous and will ultimately result in the loss of social rented housing. The receipts will not be sufficient to build the required amounts of homes and those that are built will be under the affordable rent model, which will prove more expensive in many areas.

The network feels that there is a risk that the increase in discounts may act as an incentive for companies and individuals to abuse the system, often taking advantage of vulnerable households. It strongly urges the Government to ensure that there is a robust review system in place to ensure this doesn't occur.

There is concern that proposals go against The Government's self-financing and self-determination reforms. Local authorities should be able to keep the receipts to redistribute as they choose in delivering more affordable housing. The proposals for the Government to retain 75% of the Right to Buy receipt will have a serious impact on Housing Business Plans. Local Authorities are best placed to develop robust Housing Strategies and Local Plans in consultation with their communities and partners which take regard of housing need and requirements at a local level.

#### **Q2. Do you agree that information currently provided to prospective right to buy purchasers is sufficient? If not, what else should be included?**

We agree that accessible and timely advice is given to prospective Right to Buy purchasers, including estimated costs of 5 years repairs and maintenance costs.

Evidence from the last 30 years has shown that many Right to Buy purchasers were not given sufficient advice regarding keeping mortgages up to date, costs of repairs etc. This led to many repossessions and the need for those households going back on the housing waiting list.

Due to the current economic climate purchasers need to be aware of the implications of any cuts in salary or loss of job on the repayment of monthly mortgage payments.

**Q3. Are there further steps which could be taken to ensure that tenants who purchase under Right to Buy know about and understand the implications of home ownership, including their obligations on becoming a leaseholder?**

The use of leaflets is to be welcomed but it is important that advice agencies such as Local Authority Housing Option Services, CABs, Older Persons Housing Option Services etc. are fully trained to provide this advice and also to signpost to other options such as shared ownership where appropriate. Free training, ideally at a regional level should be provided particularly for those smaller district councils with diminishing training budgets.

Housing Officers and any financial inclusion officers employed by an Arms Length Management Organisation (ALMO), Housing Association or Local Authority should be either equipped with the knowledge regarding mortgage advice or be able to signpost to relevant expertise.

Conveyancers, solicitors and mortgage companies also have a duty to ensure that prospective purchasers are aware of any risks and associated costs.

**Q4. We would welcome evidenced assessments of the impact on rural affordable housing of the proposed changes to Right to Buy**

Many of the best council properties within rural areas have already been purchased. This is a particular issue for smaller rural district councils where many council properties in rural areas have already left the social rented stock under previous Right to Buy. It will be in those areas that councils will find it difficult to find land to build replacement affordable housing.

The lack of social housing in rural areas results in young people being unable to remain in the rural community where they grew up due to the lack of social housing available and higher house prices which are inaccessible to first time buyers. The ultimate effect on many rural areas has been the lack of younger households in rural communities and the decline of services such as schools due to the low number of young families living there.

There is also the issue of where replacement stock would be located in a small rural community. Land availability will be scarce and there is a risk that the replacement housing would not be within that community. The use of Neighbourhood Plans under the Localism Act provides an opportunity to promote the development of additional social housing within rural communities and villages. The promotion of right to buy within rural areas needs to be balanced against the need for new social housing particularly if there is a lack of available land.

Due to the short timescale the Network has been unable to research the impact on many of its rural district authorities and would welcome a clear picture across the

county on rural areas and proposals from the Government as to how they can address any issues

One Authority provided the following statistics regarding Right to Buys in their rural areas:

Since 1997 41% of all properties sold through Right to Buy have been in rural areas.

**Q5. We would welcome your views on the proposals that a part of the Right to Buy receipts should be used to pay down the housing debt supportable from the lost income from these additional sales.**

We feel that Local Authorities should retain 100% of Right to Buy Receipts, this will support the principles outlined in the Localism Act as referred to above, Local Authorities should be determining their own priorities for housing at a local level in conjunction with their communities and partner agencies. Local Authorities should also be given the freedom as to whether receipts should be reinvested in new additional affordable housing or reinvested in improvements to existing stock. This may also make future right to buy opportunities more attractive to tenants.

**Q6 What proportion of Right to Buy applications are withdrawn in your area?**

The evidence we have received from our members points to a huge waste of council resources in aborted Right to Buy applications. You will be receiving this evidence from individual Local Authorities but from the evidence we have receive at least 75% of applications do not reach completion with one Authority quoting a 92% withdrawal rate in 2011.

This is obviously a huge drain on Local Authority resources in an economic climate where many district councils have had to reduce staffing numbers. We do have a strong concern regarding the capacity of smaller district in meeting this increased workload.

**Q7. What costs are incurred in managing aborted applications?**

Our members will incur costs in terms of staffing, site visits, compilation of property reports and valuation fees and other associated legal costs.

**Q8. What sources of funding have you used for improvement works in your area?**

This will obviously vary from district to district

**Q9. We would welcome views on the calculation of projected receipts?**

There is a feeling from our members that this is again contrary to self-financing and Local Authorities need to be given local control to meet local need.

**Q10. We would welcome any information councils can provide on the use of Buyback properties. We would also welcome views on this proposal?**

We welcome the ability to buy back and use that property again as a long term social let. Many of our members, however, have not been able to take advantage of the use of Buy Back in the past, often due to lack of funding or have not met the

policy tests applied at a local level. The DCN would be interested in knowing more about how this can be better utilised at a local level, particularly under self-financing.

One of the key challenges, however, will be the standard of the properties and whether or not they have been maintained to decent homes standards. If they are in a poor state of repair buying them back does not prove to be value for money.

**Q11. Do you have any comments on the proposal to not amend section 131 of the Housing Act 1995?**

We welcome the retention of the floor cost in its current form and this is essential in order to protect HRA new build properties.

**Q12 We would welcome views on the calculation of allowable deductions**

We believe it is fair to allow the tenant the benefits of any improvements they have made to the property, although these will be minimal to the overall market value of the property.

**Q13. Which model for delivery of replacement housing do you consider the most appropriate, and why?**

The DCN strongly advocates a local delivery model as each Local Authority will have different needs and opportunities and should align any reinvestment in new housing with the priorities laid out in their Housing Strategies and Local Plans. The network would be opposed to a method whereby receipts were pooled centrally as this would lead to lengthy bidding processes to access the money, ultimately leaving households in desperate need of social housing waiting longer to be housed. There is also a risk that the money would not be distributed equitably to some of those areas in greatest social housing need.

It is important that councils are able to determine where replacement homes are developed and the location of the replacement home is aligned to robust housing needs information at a local level. Communities need to have trust in their councils to respond to housing need in line with ethos of the Localism Act. Many social housing tenants will not see the replacement of social rents by affordable rents as like for like. It is also important that the district councils and the Government reassert that there is no stigma attached to social housing and its tenants. Recent press coverage has accused the Government of demonising social tenants, this perception needs to be addressed to ensure our members are able to get the trust of the community.

Many district councils will have less resources and expertise to facilitate new development to provide replacement homes; they will need to be given the tools and resources to join with neighbouring authorities and housing associations.

It is important that all receipts from Right to Buys are ring-fenced for new developments. One of the key criticisms from the original right to buy scheme was the fact that receipts were not put back into building replacement social housing and that the best stock was taken out of the social housing offer. We agree with the Government that the best method should be utilised to ensure replacement affordable housing.

**Q14. How can housing associations and councils be further encouraged to use receipts from Preserved Right to Buy sales to support provision of replacement homes?**

This will need to be determined at a local level through existing forms of communication such as Registered Provider Forums and networks.

Local Authorities need to be allowed to practice full self-financing to enable them to compete at an equal level with Housing Associations

**Q16. Based on your experience, are you able to provide any evidence on the likely percentage of Right to Buy purchasers on Housing Benefit?**

Again, you will receive the information from individual Local Authority responses. It is highly unlikely that there will a significant number of housing benefit recipients applying for Right to Buy, particularly in the more affluent areas.