

CABINET MEETING: 10 NOVEMBER 2016

SUSPENDING THE RIGHT TO BUY

**REPORT OF DIRECTOR FOR COMMUNITIES, HOUSING AND
CUSTOMER SERVICES**

AGENDA ITEM: 5

**PORTFOLIO: HEALTH, HOUSING & WELLBEING (COUNCILLOR SUSAN
ELSMORE)**

Reasons for this Report

1. To update Cabinet with the current arrangements for Right to Buy and Right to Acquire social housing and the Welsh Government's intended action to end these rights.
2. To outline the process for applying for a suspension of the Right to Buy and Right to Acquire, and to seek approval to undertake public consultation on this approach.

Background

3. Currently, most Council Tenants have the Right to Buy and some Housing Association Tenants have the Right to Acquire their home. Council tenants can apply to apply to buy their homes after 5 years and receive a discount of £8,000 on the value.
4. The Housing (Wales) Measure 2011 gave local housing authorities the ability to apply to the Welsh Ministers for a direction to suspend the Right to Buy/Acquire in areas of housing pressure for a period of up to 5 years. This could be for a particular area or areas within the local authority area or for a type of property. Carmarthen, Swansea and Ynys Mon have successfully made applications to suspend the Right to Buy/Acquire in their areas, with Denbigh and Flintshire currently preparing their applications.
5. The Welsh Government has recently confirmed the intention to end the Right to Buy and Right to Acquire within the current term of government, however this process has not yet commenced and is likely to take some considerable time. Once the Welsh Government has ended the Right to Buy/Acquire, it is likely that there will be of grace period of up to 2 years during which tenants can continue to apply for the Right to Buy or Right to Acquire on their home.
6. It is envisaged that many properties will be sold during this lengthy process, and

the Welsh Government has indicated that applications to suspend the Right to Buy/Acquire would still be welcomed during this period. Consideration could therefore be given to making an application to Welsh Ministers to suspend the Right to Buy/Acquire in Cardiff.

Issues

7. Cardiff Council currently has stock of 13,470 properties. This stock has reduced from 23,000 properties in 1985, largely through the right to buy. There are approximately 10,000 Housing Association properties in Cardiff, and although only a very small number of these properties are eligible for Right to Buy/Acquire, 73 Housing Association homes have been sold since 2001.
8. Numbers of Right to Buy/Acquire applications did decrease after the extremely high numbers of the early 2000s; however, over recent years they have once again started to increase. Over the past 3 years, the Council and local Registered Social Landlords have sold 55 homes under the Right to Buy/Acquire and have received a further 240 applications to purchase. Of the properties sold, 46 were from council stock, and 40 of that number were houses, subsequently reducing much needed family accommodation.
9. If the suspension is to apply across the city, it is necessary to establish that there is a housing need in all areas and across all property types and that all steps are being taken to meet that housing need.

Housing Need

10. Cardiff has very high housing need for all types of accommodation across all areas of the city, with circa 8,300 applicants on its Common Housing Waiting list requesting social housing. Of these, 4,600 are in significant housing need. The Council's Housing Strategy analyses housing need in the city and has identified that 2,700 families are severely overcrowded; 2,400 households have a significant medical need to move, 1,600 need to move to ground floor accommodation, and 549 need fully accessible housing.
11. While 450 new applications for housing are received every month only 860 council properties became vacant and available to let in the whole of 2015/16.
12. A new Local Housing Market Assessment has recently been undertaken by David Couttee Associates. The need assessment was undertaken in line with Welsh Government guidance. Cardiff is a growing city and the assessment has shown that an additional 2,024 new affordable properties are needed each year for the next 5 years to meet current demand across all areas and types of property in the city, a total of 10,120 new properties.

Steps Taken to Meet Housing Need

13. The Council and its Housing Association partners are constantly seeking to increase the supply of affordable housing through the use of the Social Housing Grant.
14. The table below shows the number of new affordable properties that have been delivered in the past 5 years.

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Total New Properties	189	179	199	233	278

15. In addition, it is anticipated that the following new properties will be completed in 16/17 and 17/18.

Year	2016/17	2017/18
New Properties	266	394

16. The table below shows that, over the past 5 years, the council and housing associations have been successful in securing £18,041,840 of additional Social Housing Grant above the original allocation, and delivering more properties as a result. This has been achieved by having schemes ready to utilise Welsh Government underspends that become available late in the year..

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Standard SHG Allocation	£4,957,000	£4,957,000	£4,227,000	£4,227,000	£4,227,000
Additional SHG Secured	£2,301,500	£2,606,156	£3,968,494	£4,181,298	£4,984,392
Total	£7,258,500	£7,563,156	£8,195,494	£8,408,298	£9,211,392

17. Work is underway to build new council homes through the Housing Partnership Programme. This scheme will deliver around 600 new council homes over the next 8 years. This is a significant investment and it is important that these new properties are available to those who need them most and are not lost through the Right to Buy.
18. Every effort is also made to deliver affordable housing through developer contributions (section 106). The Council's policy is to deliver 30% affordable housing on green field sites and 20% on brown field sites.
19. As set out in the Local Housing Market, there is a total need of 10,120 affordable homes over the next 5 years. The plans set out in the Housing Strategy indicate a potential delivery over the same period, through all sources, of only 4,220 new properties, leaving unmet need of 5,900 affordable homes.
20. Therefore, it is proposed that consideration is given to making an application to the Welsh Government to suspend the right to buy.

Application Process

21. The Welsh Government has provided guidance about the application process. Local Authorities are required to submit evidence of the high housing need in their area, showing how they are taking steps to address this need and the impact that ongoing Right to Buy could have on stock levels. Authorities must also supply evidence of how they are taking steps to try to meet the high housing need by making best use of stock and developing and leasing

additional stock. A report is being drafted to set out Cardiff's response to these issues.

22. Consultation must also be undertaken with a range of interested parties including neighbouring Local Authorities, partner RSLs and social housing tenants. Evidence of this consultation and its outcome must be submitted as part of the application. Once an application has been submitted to Welsh Government, the Minister has 6 months to respond to the application and issue a Direction for Suspension.
23. It is proposed that Cardiff commences this process by carrying out the public consultation exercise. A proposed timetable for the consultation is set out below:

Proposed Timetable

Cabinet Decision	10 th November 2016
Commence Consultation	1 st December 2016
Consider Results of Consultation	16 th January 2017
Report to Cabinet for final decision	16 th February 2017

Consultation Proposals

24. Initial consultation has taken place with the Chief Executives of Registered Social Landlords and feedback was positive.
25. A range of methods will be used to consult with affected stakeholders. A personal letter and consultation form with an enclosed stamped addressed envelope will be sent to all tenants and applicants affected, and a presentation will be made at the Tenant Participation Tenants' Voice Meeting. The proposals will also be advertised through the Council and Tenants Website with a consultation form, and the Council will encourage local Housing Associations to advertise on their websites. Ward members will also be invited to comment.
26. In addition, it is proposed to write to Chairs of the Council's recognised Tenants and Residents Groups, and encourage our Housing Association partners to do the same.
27. Other written consultation will be undertaken with wider stakeholders, including surrounding Local Authorities, Chief Executives of local Housing Associations, and other interested parties such as homeless charities and equalities groups.
28. An Equality Impact Assessment has been drafted and will be further informed as a result of the consultation process.

Reasons for Recommendations

29. Cardiff has a very high housing need for affordable housing, and in order to assist in meeting this Cardiff Council and its Registered Social Landlord

partners are developing new affordable housing. The loss of affordable homes through the Right to Buy will undermine the investment to increase affordable stock.

30. The Cabinet is being asked to agree the consultation proposals set out in this report to inform whether to make an application to suspend the Right to Buy for council and Registered Social Landlords tenants across Cardiff.

Legal Implications

31. The legal implications appear throughout the text of this Report.

Financial Implications

32. The report proposes a consultation on a proposal to suspend Right to Buy/Acquire in Cardiff. The current approach results in a loss of assets that would otherwise be available for service delivery at affordable rental levels. The Council's social housing stock forms part of the statutory Housing Revenue Account, which records all income and expenditure arising from the provision of social housing.

RECOMMENDATIONS

The Cabinet is recommended:

1. To note the issues set out in this report and to agree to public consultation taking place on the proposal to apply for a suspension of Right to Buy/Acquire.
2. To agree that a further report setting out the results of the consultation and proposed way forward be brought to a future meeting of the Cabinet.

SARAH MCGILL
Director
4 November 2016