

SUSPENDING THE RIGHT TO BUY

**REPORT OF DIRECTOR OF COMMUNITIES, HOUSING &
CUSTOMER SERVICES**

AGENDA ITEM: 7

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

Reasons for this Report

1. To update Cabinet on the results of the public consultation on the proposed suspension of Right to Buy/Acquire.
2. To agree the submission of an application to the Welsh Government to suspend the Right to Buy/Acquire.

Background

3. On 10th November 2016 Cabinet considered a report which set out the high level of housing need within the city. The report confirmed the need for affordable accommodation of all types, across all areas of the city, with 8,300 applicants on the waiting list for social housing of which 4,600 are in significant housing need. The Council's Housing Strategy had analysed housing need in the city and identified that:
 - 2,700 families are severely overcrowded;
 - 2,400 households have a significant medical need to move,
 - 1,600 households need to move to ground floor accommodation,
 - 549 need fully accessible housing.
4. The Local Housing Market Assessment for Cardiff undertaken in 2015 had shown that an additional 2,024 new affordable properties are needed each year, 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.
5. The November report also reviewed the issues surrounding the sale of social housing. Currently, most council tenants and housing association tenants have the Right to Buy or Right to Acquire their home. Council tenants can

apply to buy their homes after 5 years and receive a discount of £8,000 on the value. The council owned social housing stock in the city has decreased from 23,000 in 1985 to 13,807, mostly due to Right to Buy sales.

6. The Housing (Wales) Measure 2011 gave local housing authorities the ability to apply to the Welsh Government Minister (now Cabinet Secretary) 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.
7. 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.
8. In the light of this housing need and the likely delay in the Welsh Government's plans to end the sale of social housing, Cabinet gave approval for public consultation to take place on the proposed suspension of the Right to Buy / Acquire in Cardiff. This report sets out the findings from this consultation and sets out a proposed way forward.

Issues

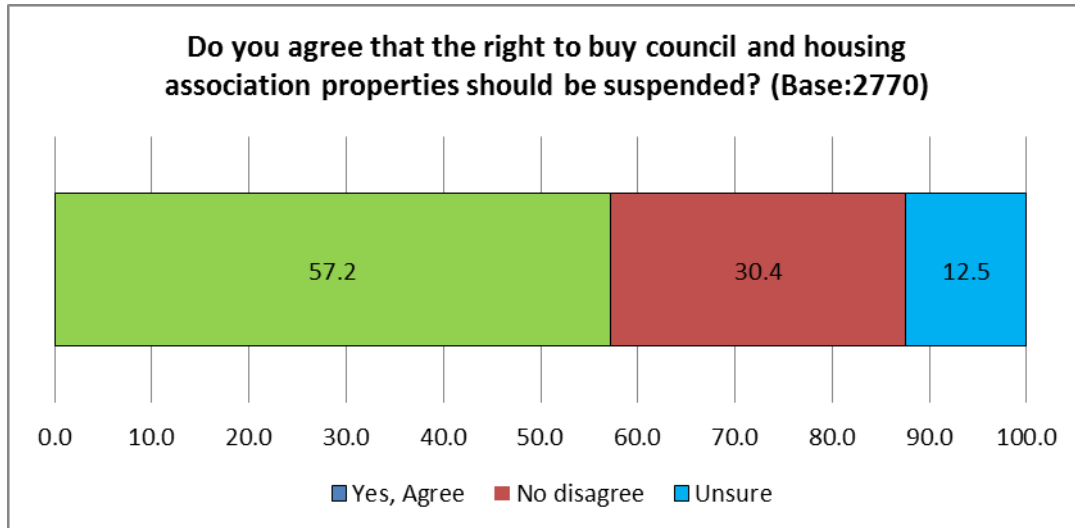
9. The public consultation took place between 28 November 2017 and 31 December 2016. A personal letter, information sheet and survey form together with a stamped addressed envelope was sent to all council and housing association tenants and to all applicants on the Common Housing Waiting List.
10. A presentation was made at the 'Tenants Voice' Meeting to raise awareness of and encourage participation in the survey. The survey was also advertised through the Council and Cardiff Tenants websites and Local Housing Associations were encouraged to also advertise on their websites.

Responses to the Consultation

11. There was a good level of response to the consultation, 2,785 individual responses were received in total, of these 1,330 (48%) responses were from council tenants and 951 (34%) were from housing association tenants. Those on the housing waiting list were also well represented with 586 (21%) responses. 178 (6%) were neither a social tenant nor on the waiting list for housing, showing participation from the wider community.
12. Responses were received from a wide range of individuals: 1,120 (40.21%) identified themselves as having a disability and 428 (15%) as being from an ethnic minority background.

Results of the Consultation

13. 57.2% of respondents agreed with the proposal to suspend the Right to Buy / Acquire, 30.4% disagreed and 12.5% were unsure. The agreement was consistent across most groups including current council tenants (55.6%), housing association tenants (54.4%) and those on the common housing waiting list (60.2%).



14. Agreement with the proposal was slightly lower for those respondents from an ethnic minority background, although of those who expressed an opinion, there was still a majority in agreement at 45.3% agreed, with 40.9% disagreeing and 13.8% undecided.
15. In terms of age the proposals were most popular among older respondents including those over 66 years where 69.6% were in agreement. While for those between 25 and 45 only 40.6% agreed with 47.7% disagreeing and 11.7% undecided. The 25 to 45 age group was the only group to return a negative response to the proposals reflected that this age group are more likely to want to buy their own home.
16. Numerous comments were received about the proposal; many respondents expressed support for the Council in taking this step. Of those who disagreed with the proposal, most expressed a desire to purchase their property or concern about the difficulty of getting on the property ladder. It will be important going forward therefore that other opportunities for homeownership are promoted effectively; including the Assisted Home Ownership Scheme.
17. The Council operates an Assisted Home Ownership Scheme which offers first time buyers in Cardiff the opportunity to buy an equity share property. The price of the property is usually 70% of market value with the council or housing association holding the remaining 30% value. There is no rent to pay on the 30% share. The Local Development Plan is proposing the development of 40,000 new homes which will enable the delivery of a significant number of additional Assisted Home Ownership homes on new build sites with the Cardiff Living development also potentially delivering an additional 90 homes. When the initial purchaser decides to move on the property is again sold through the scheme enabling another first time buyer to take advantage of the opportunity.

18. The Council is also taking forward local area regeneration schemes, helping to facilitate the development of properties in more affordable areas which would not have otherwise have been taken forward. These properties are at the lower range of market values and are more affordable to those on low incomes.
19. In addition to the public consultation, information about the consultation and a request for comments were also sent to a range of partners and interested parties, including Councilors, Assembly Members, bordering local authorities and a wide range of support and equalities organisations. There was very little response from this group and of those most were in favour of the proposal.
20. Overall the consultation was received very positively with a clear majority of respondents in favour of the proposal. It is therefore proposed that the application process to end the Right to Buy/ Acquire is taken forward.
21. A report on the consultation can be found at appendix 1.

Next Steps

22. 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 the ongoing Right to Buy scheme 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.
23. A draft report containing the information needed to support Cardiff's application is attached at appendix 2. The outcome of the consultation will also form part of the application.
24. Once an application has been submitted to Welsh Government, the Cabinet Secretary has 6 months to respond to the application and issue a Direction for Suspension or decline the application.
25. Prior to receiving the outcome of the formal decision being made and following acknowledgment from Welsh Government that they have received the application, the Right to Buy scheme is 'paused'.
26. Any Right to Buy/Acquire applications that are received before the Cabinet Secretary acknowledges receipt will continue to be processed as normal. Any applications received after the date of acceptance of the application will be 'paused' until a decision is made by the Cabinet Secretary. If the Cabinet Secretary supports the application to suspend the Right to Buy/Acquire scheme and issues a 'Direction for Suspension' the 'paused' applications will not be eligible to be processed. If the Cabinet Secretary decides not to support the application to suspend the Right to Buy/Acquire scheme, the 'paused' applications will proceed as normal.

Equality Impact Assessment

27. The Equality Impact Assessment has been updated with the results of the consultation and can be found at appendix 3.

Reason for Recommendations

28. To agree to the submission of an application to suspend the Right to Buy / Acquire in Cardiff with the aim of preventing any further loss of social housing.

Legal Implications

29. The Housing (Wales) Measure 2011 requires the Council to carry out a consultation process before it may apply to the Welsh Ministers for a direction suspending the Right to Buy and related rights. The Measure specifies the parties to be consulted and this is reflected in the consultees in the present exercise.
30. In order to be legally effective the consultation must have:
- (i) provided sufficient information to allow for a proper and informed response from consultees; and
 - (ii) allowed adequate time for response
31. Cabinet is now obliged to take the consultation responses into account in a conscientious and open-minded way.
32. Various other procedural steps required by the Housing (Wales) Measure 2011 are referred to in this Report.
33. In making decisions the Council has to satisfy its public sector duties under the Equality Act 2010. The Council must have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics.

Protected characteristics are:

- a. Age
 - b. Gender reassignment
 - c. Sex
 - d. Race – including ethnic or national origin, colour or nationality
 - e. Disability
 - f. Pregnancy and maternity
 - g. Marriage and civil partnership
 - h. Sexual orientation
 - i. Religion or belief – including lack of belief
34. The report identifies that an Equality Impact Assessment has been carried out and can be found at Appendix 3. The purpose of an Equality Impact

Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty. The Cabinet must have due regard to the Equality Impact Assessment in making its decision.

Financial Implications

35. 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. The report proposes submitting an application to WG to suspend Right to Buy/Acquire in Cardiff. Whilst capital receipts would no longer be available from disposals, a successful application would help support the retention of assets that would continue to be available for service delivery at affordable rental levels.

RECOMMENDATIONS

The Cabinet is recommended:

1. To note the responses to the public consultation on the proposal to suspend the Right to Buy / Acquire in Cardiff.
2. To agree an application being made to the Welsh Government to suspend the Right to Buy /Acquire in Cardiff for all areas of the city and all types of property for a period of 5 years.
3. To delegate the Director of Communities, Housing and Customer Services to make the detailed submission to the Welsh Government to suspend the Right to Buy /Acquire and to undertake associated action.

SARAH MCGILL

Director

10 February 2016

The following appendices are attached:

- Appendix 1 – Right to Buy and Right to Acquire Consultation Report
- Appendix 2 – Draft Application Report
- Appendix 3 – Equality Impact Assessment