

Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau  
Equality, Local Government and Communities Committee  
ELGC(5)-14-17 Papur 2/ Paper 2



# INTRODUCTION

## **Consultation on the Abolition of the Right to Buy and Associated Rights (Wales) Bill**

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. This is the WLGA's contribution to the inquiry by the National Assembly for Wales' Equality, Local Government and Communities Committee into the general principles of the Abolition of the Right to Buy and Associated Rights (Wales) Bill. The WLGA welcomes the opportunity to contribute, and we have used the format provided by the inquiry's terms of reference to structure the contribution.

### **The general principles of the Abolition of the Right to Buy and Associated Rights (Wales) Bill and the need for legislation to deliver the stated policy intention, i.e. to protect the supply of social housing from further erosion in the face of a high level of demand and a supply shortage**

4. The WLGA supports the general principles of the Bill, and agrees that there is a need to have legislation to protect the supply of social rented housing in Wales. Given the scale of housing need in Wales, it is essential that the stock of social rented homes is protected and increased.
5. The report published by the Public Policy Institute for Wales in 2015 on '*The Future Need and Demand for Housing in Wales*' identified that 70,000 additional social sector homes are required in the 20 years to 2031 (an average of 3,500 per year). The annual average number of new social sector homes developed over the 5 years leading up to the publication of the report was identified as being significantly below this target at 2,350 per year.
6. The need for a significantly increased supply of social rented housing across Wales is also highlighted within the Local Housing Market Assessments produced by each local authority.

7. Following the deal in 2015 which allowed the eleven landlord local authorities in Wales to buy themselves out of the former Housing Revenue Account Subsidy arrangements, most of these authorities are now building new homes, or making plans to do so. If the Right to Buy were not to be ended, there would be significantly reduced incentive to develop new homes if those homes were to be subject to the Right to Buy in the future. Therefore, the proposal to abolish the Right to Buy and Right to Acquire for newly-built social rented homes two months after Royal Assent is welcomed.
8. The arrangements for applying for suspension of the Right to Buy and Right to Acquire within an area have proved to be complex and onerous, requiring significant resources to make a successful application. This has acted as a disincentive for some local authorities where, otherwise, an application for suspension may have been forthcoming.

**The provisions of the Bill in relation to:**

- **The restriction on exercising the right to buy and right to acquire (sections 2 to 5);**
9. The WLGA agrees that these provisions would have the effect of restricting the Right to Buy and Right to Acquire on newly let housing as intended.
    - **The abolition of the right to buy and the right to acquire (section 6);**
  10. The WLGA agrees that these provisions would have the effect of abolishing the Right to Buy and Right to Acquire in Wales, and protecting the supply of social rented housing stock.
    - **The removal of the power for Welsh Ministers to make discount grants (section 7); and**
  11. The WLGA agrees with the proposal to remove the power for Welsh Ministers to make discount grants to RSLs.
    - **The duty to provide tenants and prospective tenants with information.**
  12. The WLGA agrees with the proposals within Section 8 in relation to the duty to provide tenants and prospective tenants with information, including the timescales for providing information to existing and prospective tenants.
  13. However, it is suggested that after Section 8 comes into force the period of time over which landlords will have to provide prospective tenants with a copy of the information

published by Welsh Ministers should not be unlimited. We would suggest that period should be limited.

**Any potential barriers to the implementation of the Bill's provisions and whether the Bill takes account of them.**

14. No potential barriers to the implementation of the Bill's provisions have been identified.

**Whether there are any unintended consequences arising from the Bill.**

15. No unintended consequences arising from the Bill have been identified.

**The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum)**

16. The financial implications of the Bill and assumptions set out Part 2 of the Explanatory Memorandum seem to be a reasonable estimate of the likely costs and benefits for social landlords, although the costs and benefits are likely to vary between individual landlords. This includes the cost of providing a copy of the information to all tenants and prospective tenants, and the cost savings associated with no longer having to process Right to Buy applications.
17. As highlighted in the Explanatory Memorandum, there is a preference among local authorities for the certainty of long-term rental income brought about by abolition of the Right to Buy, rather than a one-off capital receipt delivered by the exercising of the Right to Buy.

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**For further information please contact:**

Jim McKirdle, Housing policy Officer  
Jim.mckirdle@wlga.gov.uk

Welsh Local Government Association  
Local Government House  
Drake walk  
Cardiff  
CF10 4LG

Tel: 029 2046 8600