

## ARTB 15

### Bil Diddymu'r Hawl i Brynu a Hawliau Cysylltiedig (Cymru)

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

Ymateb gan: Cyngor Sir y Fflint

Response from: Flintshire County Council

- 1 This is a response on behalf of Flintshire County Council which is located in North East Wales, on the border with England. Flintshire County Council is a stock-retaining local authority and currently has 7,156 Council properties within the Housing Revenue Account (HRA) under its direct management (as at April 2017). Of these, 2663 are classed as sheltered and/or supported housing properties and are excluded from the imposition of RTB. This means there are currently 4,493 council owned dwellings subject to RTB in Flintshire.
- 2 The Committee's terms of reference for its inquiry are to consider:
  - 2.1 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;
  - 2.2 The provisions of the Bill in relation to:
    - the restriction on exercising the right to buy and the right to acquire (sections 2 to 5);
    - the abolition of the right to buy and the rights to acquire (section 6);
    - the removal of the power for Welsh Ministers to make discount grants (section 7);
    - and the duty to provide tenants and prospective tenants with information.
  - 2.3 Any potential barriers to the implementation of the Bill's provisions and whether the Bill takes account of them;
  - 2.4 Whether there are any unintended consequences arising from the Bill; and
  - 2.5 The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum).
- 3 The general principles of the Bill and provisions**
  - 3.1 Since 1996 Flintshire has lost 1,490 (Source: Stats Wales) council housing dwellings due to the Right to Buy sales. The cumulative effect on the supply of local social housing in Flintshire is only now being realised with significantly less social housing stock available to allocate to people whose needs cannot be met by the housing market.
  - 3.2 In the current financial climate, for housing, economic and other factors have combined to cause considerable pressure on the supply of homes. The pressures affect many but the effect on people whose needs cannot be met by the housing market is particularly noticeable. Some people cannot afford to buy a home, or to rent a home from a private landlord. They are dependent on social housing or some other form of subsidised provision. Social housing is a particularly important safety net.

- 3.3 An additional pressure for the Council is the roll out of welfare reforms, as contained within Welfare Reform and Work Act 2016, will reduce expenditure on 'working age benefits' by £12 billion by 2018/19. The reforms include a reduction in the level of 'in-work' benefits paid to working, low paid households. As many Flintshire households have been impacted by the previous changes to social security entitlements, those who will also be affected by the ongoing reform of the social security system, will continue to face increasing adverse impacts upon their affordable housing options, particular single person households, or, households looking to rent within the private rented sector, or those considering becoming an owner occupier. The suspension of the RTB will enable the Council to broaden the housing options available to those adversely affected by Welfare Reform, developing innovative new build solutions which are cost effective and efficient.
- 3.4 Flintshire has also seen an increase in the Social Housing Register from 926 in November 16 and 1,435 in March 2017 emphasising the need to secure the existing stock.
- 3.5 Household projections (source: StatsWales) show an increase in smaller households 1 and 2 persons between 2011 and 2036. It should be noted that population growth and population composition changes cannot solely be constituted as a justification for more housing to be delivered. However, a dataset of household projections for local authorities in Wales by household type from the base year of 2011, through to the projection period ending in 2036 shows household growth of 7.3% across all house types for the given period.
- 3.6 With the evidence of the pressure on social housing stock outlined above, Flintshire County Council is investing significantly in a housing development programme with the aim of delivering 500 new Council and affordable homes by 2020, 12 of which have already been built and allocated and a further 92 due for completion within the next 12 months. However, this programme would not be able to replace the number of units lost through Right to Buy and under existing legislation, existing Council tenants allocated these new properties would be able to exercise their Right to Buy.
- 3.7 Therefore Flintshire County Council supports that the principle of the Bill will deliver the policy intention of protecting the supply of social housing from further erosion. Otherwise, these homes and the rental income streams generated by them would be lost to the Council in perpetuity, and would potentially require the Council to revise its vision for both the WHQS and its housing development programmes in terms of the level of investment possible in the existing Council stock, along with the vision to deliver 50 new Council homes each year for the next five years to meet local housing need.
- 3.8 There will be a cost to the Council and our partner RSLs to inform residents of the change in the legislation and deal with any queries. However, the cost is set against the saving made in administering the Right to Buy and Right to Acquire and in the longer term there will be savings to the Council and the RSL.

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

- 4.1 Flintshire has been granted temporary suspension of the Right to Buy and Right to Acquire, and clearly supports the implementation of the Bill. As part of the submission for the suspension the Council considered that there would be no barriers to the implementation of the suspension and as such does not envisage there are barriers in the implementation of the Bill.

**5 Whether there are any unintended consequences arising from the bill**

- 5.1 Potentially an unintentional consequence may be for those people for whom mortgage payments would be cheaper than rental payments once the maximum discount is applied (given the current low level on interest rates.) However, this impact is minimal and the council feels that the benefits of abolishing the right to buy outweigh this.
- 5.2 An additional consequence could be due to the reversal of the original policy objective of the Right to Buy/Acquire to increase homeownership and promote mixed tenure within communities, therefore increasing the development of single tenure estates.

**6 Financial implications**

- 6.1 The potential financial implication to the Council and RSLs, as set out in the explanatory notes, is outweighed by the wider benefits of the securing the supply of existing social housing; meeting local housing need; and delivering more capacity in the social housing sector by both the Council and the RSLs.