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Ysgrifennydd y Cabinet dros Gymunedau a Phlant
Cabinet Secretary for Communities and Children



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-L-CS-0383-17

John Griffiths AM
Chair Equalities, Local Government and Communities Committee
National Assembly for Wales

9th June 2017

Dear John

ABOLITION OF THE RIGHT TO BUY AND ASSOCIATED RIGHTS (WALES) BILL

Thank you for your letter of 26 May following my attendance at the ELGC Committee on 25 May about the Abolition of the Right to Buy and Associated Rights (Wales) Bill.

I have set out below the further information I agreed to provide to the Committee along with responses to the additional questions you raised in your letter:

The number of properties likely to be affected by the proposed restrictions on newly-let dwellings.

The number of properties likely to be affected by the proposed restrictions on newly-let dwellings includes all new builds and acquisitions. Data from StatsWales (Table 1) below shows that 20 local authority properties were built in the 10 year period 2006-07 to 2015-16. Registered social landlords (RSLs) have built more properties, but the scale of that activity remains relatively low, less than 1% of the total stock of homes owned by RSLs.

Table 1 New social sector dwellings completed (and ready for occupation)

	Registered social landlord	Local authority	Total
2006-07	346	0	346
2007-08	343	5	348
2008-09	692	0	692
2009-10	880	3	883
2010-11	992	0	992
2011-12	829	0	829
2012-13	744	0	744
2013-14	671	12	683
2014-15	837	0	837
2015-16	1,254	0	1,254
Total	7,588	20	7,608

Source: New house building collection from local authorities & National House building Council (NHBC) - StatsWales

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Table 2 shows the number of additional affordable housing units acquired by RSLs since 2012-13. The acquisition of additional affordable housing units are the direct purchase or leasing by RSLs of private sector properties. They do not include newly built or converted affordable housing units.

Table 2 number of properties acquired by LAs and RSLs per year

	Registered social landlord	Total
2012-13	308	308
2013-14	249	249
2014-15	282	282
2015-16	144	144
Total	983	983

Source: Affordable Housing Provision data collection, Welsh Government - StatsWales

The number of properties likely to be affected by the proposed restrictions on newly-let dwellings would also include conversions and refurbishments - if they have been unoccupied for the preceding six months. However, as the Welsh Government does not collect any specific data centrally on conversions and refurbishments, the total number of properties effected cannot be estimated beyond the figures provided above for new builds (which include conversions) and additional affordable housing acquisitions.

Based on the assumption that the most recent annual house building/acquisition rates are representative of what will happen during the 10-month period (between abolition on newly let stock and complete abolition), the number of properties protected would be approximately **1,170** (ie $(1,254+144)*10/12$). We've rounded the figure to the nearest 10 properties.

Not all of these properties would be available for purchase under the Right to Buy or Right to Acquire during the 10 month period, as any tenants would also have to meet the eligibility criteria. However, the purpose of early abolition of these rights on newly let housing is to encourage social landlords to develop new housing as soon as possible without fear of having to sell it under the Right to Buy or Right to Acquire.

Provide details of the consultation process undertaken for abolition that was carried out ahead of the Bill's introduction

The principal consultation vehicle on the proposals was our White Paper 'The Future of the Right to Buy and Right to Acquire' published in January 2015 and open for a period of twelve weeks. The outcome of the consultation is summarised in Section 4 of the Explanatory Memorandum for the Bill.

The White Paper was available in hard copy and electronically. Our communications also targeted hard to reach groups via their representative organisations including: Shelter Cymru - the homelessness and housing advice organisation, Cymorth Cymru – the umbrella body for providers of homelessness, housing related support and social care services, Tai Pawb – the equality and social justice in housing body, Young People Wales – the young people's representative network and The Gypsy and Traveller Council.

In addition to the formal consultation, four workshop sessions were undertaken with stakeholders to obtain views on the content of the Bill. These included representatives of social landlords, third sector organisations and organisations representing tenants, the homeless, minority groups and young people.

Clarify what modelling has been done on the likely impact on the sale of social housing stock when determining the length of the notice period

An alternative scenario which considered a 2 year notice period was included in the modelling at an earlier stage of the policy development process. This showed a higher number of social housing sales than under a 1 year notice period.

The difference in the number of sales between the 1 and 2 year notice period depends upon the assumptions made about the 'spike' in sales generated by abolishing the Right to Buy.

The communications activity coupled with news about the progression of the Bill through the National Assembly may be expected to result in a spike in the number of Right to Buy applications during 2017-18. The assumption that there will be a spike in sales is supported by evidence from previous reductions in the maximum discount available (see Table 3 below) and from the experience in Scotland where the notice period for abolition of the Right to Buy was two years. Statistics for Scotland show that the number of social housing sales increased by 20% between 2013-14 and 2014-15 (the period during which the abolition of the Right to Buy was agreed) and by a further 12.5% in 2015-16.

For the purposes of the Regulatory Impact Assessment, it is assumed the annual number of Right to Buy sales will increase by between 20% and 50%. This equates to between 240 and 300 sales in each year.

Has any evidence has been collated on the spike in sales of properties in areas where the Right to Buy and Right to Acquire have been suspended

Table 3 below shows the spike in sales prior to suspension taking effect in those authorities where the Right to Buy has been suspended.

The dates when the applications to suspend the Right to Buy and Right to Acquire were accepted for consideration by the Welsh Ministers in each of the authorities are as follows: Carmarthenshire (29 July 2014); Swansea (2 December 2014); Anglesey (12 July 2016); Flintshire (15 November 2016) and Denbighshire (19 November 2016). No applications to exercise the Right to Buy made after those dates have been progressed as the applications for suspension were subsequently granted by the Welsh Ministers.

The number of statutory sales (via Right to Buy and Right to Acquire) increased by around 200% in Carmarthenshire and by 89 % in Swansea during 2013-14 which was the period immediately preceding the commencement of suspension.

Similarly the number of statutory sales increased by 100% in both the Isle of Anglesey and Denbighshire and by 17% in Flintshire during 2015-16 which was the financial year prior to the commencement of suspension in these authorities.

Table 3 - Number and annual percentage change in statutory sales of social housing via RTB and RTA over last 5 years.

	Total statutory sales										
	2010-11	2011-12		2012-13		2013-14		2014-15		2015-16	
	Number	Number	% change	Number	% change	Number	% change	Number	% change	Number	% change
Isle of Anglesey	5	2	-60%	2	0%	3	50%	5	67%	10	100%
Denbighshire	6	4	-33%	1	-75%	5	400%	4	-20%	8	100%
Flintshire	6	7	17%	11	57%	9	-18%	12	33%	14	17%
Carmarthenshire	16	11	-31%	14	27%	42	200%	31	-26%	3	-90%
Swansea	14	16	14%	19	19%	36	89%	43	19%	21	-51%

Source: Annual returns covering social housing sales from local authorities and Registered social landlords

The practical implications for the Welsh Government of lifting the restrictions in areas where the Right to Buy and Right to Acquire have already been suspended

There would be implications for the Welsh Government but the more significant impact would be on social landlords and others should the current suspensions on the Right to Buy and Right to Acquire be lifted between Royal Assent and abolition.

Local authorities have incurred costs in consulting tenants and local Registered social landlords, undertaking the research and preparing applications for suspension - which would include the need to provide evidence of "housing pressure" in the local area. To lift the suspensions would only exacerbate that imbalance. In addition, social landlords have embarked upon building programmes fully expecting that the Welsh Government's Direction for suspension would protect homes from having to be sold under the Right to Buy/Acquire for 5 years – with a possible extension to 10 years. In such circumstances, they will be likely to have taken out loans and based their business plans on those Directions remaining in place.

The consequential impact of lifting the suspensions would be further exacerbated by the need for social landlords to locate, purchase and develop new land for the replacement housing. There would also be a time lag in developing replacement housing during which time social landlords would have less stock in which to accommodate people in housing need.

You will recall Carmarthenshire County Council's evidence to the Committee that there are seven people on the waiting list for every one social housing vacancy which arises. Homelessness remains a major concern in Wales, with over 10,000 households needing assistance each year. Any reduction in social housing due to the Right to Buy/Acquire diminishes the opportunities available to people who need a home but cannot afford to buy or rent in the housing market. The availability of affordable, secure housing in the social rented sector is a vital element in our strategy to tackle homelessness.

Finally, there is the reputational damage to the Welsh Government in undermining the process introduced under the Housing Measure, which was passed by the National Assembly in 2011. Having established the need for suspension, social landlords have planned on the basis that the directions for suspension would remain in place for 5 years.

Lifting the suspensions would nullify their actions to reduce housing pressure during those periods.

Yours sincerely

A handwritten signature in black ink that reads "Carl Sargeant". The signature is written in a cursive style with a large, sweeping initial 'C' and a long, trailing flourish at the end.

Carl Sargeant AC/AM

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