

REFORMING THE RIGHT TO BUY: CONSULTATION QUESTIONS

East Suffolk Council RESPONSE:

1. How long do you think someone should be required to be a secure tenant before qualifying for the Right to Buy? <ul style="list-style-type: none">• 5 years• 10 years• More than 10 years
10 years <ul style="list-style-type: none">• Tenants in need of a property at a reduced rent should require a substantial amount of time to buy their own property. It can take up to 10 years for anyone to purchase their first home, and RTB should not be seen as a quick way to purchase a property. Council housing should be used for the intention of cheaper rents for those that require it.
2. Should someone be prevented from exercising the Right to Buy if they have already benefitted from the Right or Buy or if they own another property? <ul style="list-style-type: none">• Yes• No• Don't know
Yes <ul style="list-style-type: none">• If an individual already owns a property there is no need for them to acquire a 2nd, taking a social rented property away from those that need one.• There are too few social homes to meet the increasing demand as it is, without taking further much needed properties out of the equation.
3. Do you have any other views on criteria to determine eligibility for the Right to Buy?
Essentially the RTB should be for genuine tenants who have lived in the property for considerable time and who plan to stay in the home and leave it to offspring <ul style="list-style-type: none">• Eligibility should be based on continuous occupation for the tenant and not combined occupation with a partner.• Exercising the RTB should be to live in the property and not to rent it out.• You should only be able to buy 1 RTB property.• You should not be allowed to exercise RTB if you have previously already benefited from the scheme, and/or you own another property.• RTB should be means tested to confirm inability to purchase a property from the open market and should consider affordability by looking at an average income in preceding years• Previous tenancy management issues or ASB should be considered.

- If demolition or a significant planned program of improvements for refurbishment/de-carbonization are planned RTB should be able to be suspended or blocked.

4. What level should the percentage discount for an eligible tenant start at and what level should the maximum percentage discount be?

Minimum percentage

- 0%
- 1%
- 3%
- **5%**

Maximum percentage

- 5%
- 10%
- **15%**
- 20%

- Minimum of 10 years occupancy = 5% then 1% each year to a max of 20 Years =15%

5. Do you agree that the same rules governing percentage discounts should apply to flats and houses, and that the discount should increase by 1% for every extra year that an individual has been a public sector tenant, up to the maximum?

- **Yes**
- No [Please explain]
- Don't know

Yes

The same % increase should be used across all property types. It is unfair that one tenant can receive a bigger discount quicker just because of the property type they live in.

6. Do you agree that cash caps should be retained alongside discounts capped at a percentage of the market value of the home?

- **Yes**

<ul style="list-style-type: none"> • No • Don't know
<p>Yes</p> <p>There are large variations in house prices in the district. Therefore, a price cap is still required.</p>
<p>7. Do you agree that the current exemptions to the Right to Buy scheme should be retained? If yes, please outline any changes that should be made to the exemptions.</p> <ul style="list-style-type: none"> • Yes [please outline if you also think there should be changes or additions] • No • Don't know
<p>Yes</p> <p>Properties that should be exempt from the Right to Buy should include:</p> <ul style="list-style-type: none"> • Sheltered/ older people living • Supported housing • Adapted properties for disabled residents • Newly built homes or homes acquired by the Council since 2012. <p>This would ensure those most vulnerable will still have a source of housing, whilst reducing the financial burden on Local Authorities that are building and buying new Council Housing.</p> <p>If landlords were able to retain adapted properties (or those with the potential for adaptations) this would greatly assist with rehousing from the register as often there is no property suitable in the whole of the owned stock.</p>
<p>8. Should newly built social housing be exempt from the Right to Buy? If yes, please explain why the existing cost-floor provisions are insufficient.</p> <ul style="list-style-type: none"> • Yes [please explain] • No
<p>Yes, but not indefinitely. One way could be to put a blanket ban during the guarantee period.</p> <p>Cost floor provisions of 30 years make sense on the face of it to ensure registered providers recoup the cost of the build in full (or as near as), however this would negatively impact tenants moving into new build stock from ever being able to buy their home realistically within their lifetime.</p>

9. If yes, how long after construction should newly built social housing be exempt from the Right to Buy?

- 10 years
- 15 years
- 20 years
- 25 years
- 30 years
- Permanently
- **Other**

Other:

Until the guarantee period has expired.

10. How can council investment in retrofitting or improving homes to a high standard be protected under the Right to Buy scheme?

- Amendments to the cost floor [please explain]
- Exemption for homes that have been retrofitted or improved to a high standard [please explain including length of any exemption]
- Other

Exemption using calculation around cost floor. Significant capital investment and reduced running costs should be considered and perhaps an average applied as part of the calculation.

Criteria for what qualifies under this category would need to be clearly defined.

It should then have an exemption period based upon the cost of the work undertaken I.E if it's £20k-£40k it's 10 years, £41k to £60k it's 15 years, £61k-£90k it's 20 years, £91k+ it's 25 years.

Amendments to the cost floor, retrofitting is a high cost to outlay for a long-term benefit. The cost floor should ensure that it incorporates this.

Amendments to the cost floor – social providers to recoup the cost of the retrofit / improvements in a reduction in discount or similar applied so that these funds go back into the public purse for future retrofit works.

11. If answering on behalf of a council, would exemptions to market rent homes have a significant impact in allowing more cross-subsidy for the building of affordable housing?

- **Yes**
- No

Yes.

As a Council we do not rent any properties at a Market rent, however, if the HRA could hold some new build properties to let at a market rent, this would increase income and naturally help with increasing the available funds to deliver more affordable housing.

12. Should the time period in which the council has the right to ask on the sale of the property for repayment of all or part of the discount received be increased from 5 years to 10 years?

- **Yes**
- No [Please explain]
- Don't know

Yes.

Yes, this would deter tenants from buying a property for financial gain and help alleviate HRA financial pressures.

13. Do you have any other views on restrictions that might apply to a property following its sale under the Right to Buy?

- The property should not be rented out. If it is, it should be required to be rented at an affordable rent.
- If the property ceases to be the primary residence Local Authorities need to be able to financially benefit from this.
- Covenant restrictions on their use as holiday lets (including Air BnB), student lets, HMOs should be written in by default, and only removed in exceptional circumstances.
- When the RTB is exercised on flats in communal blocks further restrictions could be added on communal components or shared components such as sheds as these become difficult to maintain when there are different types of tenure.

14. Should there be a target for all council homes sold under the Right to Buy to be replaced, as far as possible, with a home of the same size, tenure and/or location

<p>as the home sold? Please provide detail to support your answer and indicate which consideration is the most important (tenure, size or location).</p> <ul style="list-style-type: none"> • Yes [please explain] • No [please explain] • Don't know
<p>Yes re: Tenure. They should be replaced with properties of the same tenure. This will prevent Council's effectively turning into Housing Associations by rebuilding only affordable rent homes rather than social rent, and ensure social rent remains as a viable option for those who most need it.</p> <p>No re: Property size and location. This would be far too restrictive. This target would not reflect demand changes nor allow Local Authorities to have a balanced portfolio met through local housing need at the time. For Councils to deliver more housing, there needs to be flexibility on how funds are spent, not tighter, unrealistic restrictions.</p>
<p>15. If answering on behalf of a council, do you have any evidence to demonstrate the impact of increased flexibilities around spending of Right to Buy receipts in accelerating and boosting replacement homes?</p>
<p>Our current development program was becoming unaffordable with some development being put on hold, however, with the new flexibilities this has enabled the developments to continue over the next 2 years.</p>
<p>16. Do you have any evidence to demonstrate that combining receipts with grant would accelerate and boost delivery of affordable housing and how the risk of double subsidy would be mitigated?</p>
<ul style="list-style-type: none"> • Being able to combine receipts with grant would only enable more house building. HRA's are under huge financial pressures, and development is a 'nice to have' therefore, it is the first thing that will stop. • If we could combine grant funding/capital receipts/RTB receipts/Commutated sums, it would relieve pressure on the Housing Revenue Account, and would enable more house building to come forward.
<p>17. How long should councils have to spend their one-for-one receipts?</p> <ul style="list-style-type: none"> • 3 years • 5 years (current rules)

- 8 years
- 10 years
- More than 10 years
- **Indefinitely**

Indefinitely.

With the discount levels reducing, the number of RTB's will reduce, therefore, even if they can cover 100% of a development, the receipts held would be very low, requiring huge investment from the Housing Revenue Account. But with other financial pressures, it could take several years to build up the funds for a development. If we continue with 5 years, this would result in Councils buying 1 or 2 houses with the RTB receipts they hold, rather than building more housing – which is what is required. Therefore, holding them indefinitely would mean housing developments will likely be brought forward, rather than ad hoc purchases.

18. Should unspent replacement receipts be returned to the relevant Mayoral Combined Authority as happens currently with London Boroughs and the GLA?

- Yes [please explain]
- **No** [please explain]
- Don't know

No.

Due to development and viability complexities, set time periods are too constrained and do not reflect how housing is being delivered therefore they should be held by the Council indefinitely, to be used when they can.

19. Should the local authority share and buy-back allowance be incorporated within replacement receipts?

- Yes
- No
- **Don't know**

Don't know.

If there is more flexibility about how the receipts can be used, they could be incorporated.

20. Do you agree that the total attributable debt should be calculated by multiplying the average attributable debt of each authority's housing stock?

- Yes
- No
- **Don't know**

Don't know.

We consider that the current calculation works well.

21. Should the requirement to return 75% of mortgage repayments that relate to pre-2012 sales be ended?

- **Yes**
- No
- Don't know

Yes.

22. Should the Secretary of State be provided with a power to set the rules governing the use of Right to Buy receipts by general determination?

- **Yes**
- No
- Don't know

Yes.

23. Should Arm's Length Management Organisations (ALMOs) be permitted to use Right to Buy receipts to deliver new affordable housing?

- Yes
- **No**
- Don't know

No.

Assuming this would be through a Local Authority gifting their RTB receipts to the ALMO to deliver more housing because they cannot spend them within the given time frame. However, if there is no time frame for the spend, HRA's can ensure they keep the receipts and benefit from using them when required. These are HRA properties, and the

HRA should spend the funds as they choose – not be forced to pass them to another company just to ensure they are not given back to government with interest.

24. Do you have any other views on the rules governing Right to Buy receipts that have not been covered by the questions above?

RTB receipts should be able to be used in conjunction with other capital receipts held by the HRA. Also, with commuted sums and grant funding if required, to maximise housing delivery.

100% receipts to be kept by the Council should continue.

25. Do you believe any of the proposals set out in this consultation document could negatively or positively impact individuals who have a protected characteristic. Please explain your rationale, and evidence your thinking where possible.

- Age
- Disability
- Sex
- Gender reassignment
- Marriage or civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sexual Orientation

Age- elderly people will be less likely able to exercise RTB if becoming a secure tenant later in life because of the length of time requirement.