

## PROPOSED USE OF RIGHT TO BUY SALES- CONSULTATION RESPONSE

### 1. INTRODUCTION

1.1 The purpose of this report is to seek approval to submit a consultation response to the Ministry of Housing, Communities and Local Government as part of their current consultation on options for reforming the rules around the use of Right to Buy receipts.

1.2 The consultation is not about the right to buy scheme in its broader sense.

### 2. BACKGROUND AND PROPOSALS

2.1 On 14 August 2018 the Ministry of Housing, Communities and Local Government opened consultation on its proposals to reform the rules around the Right to Buy housing receipts.

2.2 The consultation seeks views on the options for reforming the rules governing the use of Right to Buy receipts from the sale of Council housing. The consultation primarily seeks views from local housing authorities on a range of options regarding the use of receipts from Right to Buy sales.

2.3 Local authorities are currently required to spend Right to Buy receipts within three years. Receipts must also fund no more than 30% of the cost of a replacement unit. Should the receipts not be spent within three years they must be returned to the Ministry of Housing, Communities and Local Government with interest of 4% above the base rate. The consultation paper seeks views on extending the time limit for spending the Right to Buy receipts from 3 to 5 years for existing receipts. It also proposes greater flexibility around the cap on expenditure for replacement units. The consultation also invites views on any receipts are returned without interest within a three month period.

2.4 Local authorities can currently use Right to Buy receipts for acquiring existing properties as well as new build. The Government proposes within the paper certain controls in order to help increase the supply of new housing. It is proposed that:

(a) a price cap per dwelling based on build costs at Home England and Greater London Authority operating area be introduced; OR

(b) allowing acquisition in certain areas only, for example where average build costs are more than acquisition costs.

2.5 Housing built or acquired by local authorities using the Right to Buy receipts has to be provided at affordable or social rent. Views are sought regarding the flexibility of local authorities to use receipts for shared ownership housing as well as affordable and social rent.

2.6 Views are also sought regarding the transfer of land from a local authority's General Fund to the Housing Revenue Account at no cost. In addition, there is a proposal to allow housing companies or Arm's-Length Management Organisations to use Right to Buy receipts. The consultation paper seeks to make it easier for local authorities to deliver replacement housing.

2.7 The consultation pack can be found on line at:

<https://www.gov.uk/government/consultations/use-of-receipts-from-right-to-buy-sales>.

### **3. CONSULTATION RESPONSE**

3.1 The Ministry of Housing, Communities and Local Government has requested a response to 9 questions:

- Question 1: We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three year deadline for future receipts.
- Question 2: We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out in the consultation paper, and whether there are any additional circumstances where flexibility should be considered.
- Question 3: We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.
- Question 4: We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.
- Question 5A: We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.
- Question 5B: We would also welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.
- Question 6: We would welcome your views on whether there are any circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use Right to Buy Receipts.
- Question 7: We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.
- Question 8: Do you have any other comments to make on the use of Right to Buy Receipts and ways to make it easier for local authorities to deliver replacement housing?
- Question 9: Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.

3.2 A full response can be found in Appendix 1.

### **4. NEXT STEPS**

4.1 The consultation period closes on 9 October 2018.

4.2 The Ministry of Housing, Communities and Local Government will review the consultation responses. Any policy changes will be considered and brought forward following appropriate assessment.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no direct financial implications to this Council as part of the proposals. However, any changes on the use of Right to Buy receipts would impact on how the Council as a Housing Authority will be able to spend these receipts.

## **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 None

## **7. CRIME & DISORDER IMPLICATIONS**

- 7.1 None.

## **8. EQUALITY & DIVERSITY IMPLICATIONS**

- 8.1 None

## **9. RECOMMENDATIONS**

- 9.1 It is recommended that the response attached at Appendix 1 of this report is approved to be submitted to the Ministry of Housing, Communities and Local Government.

## **10. PORTFOLIO HOLDER DECISION**

**I agree the recommendations contained within paragraph 10.1 of this report.**

**Signed: J L CLEARY Date: 2 October 2018**

**Date notice of decision given Tuesday, 2 October 2018**

Last Date for Call-in Tuesday, 9 October 2018

### **For further information contact:**

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