

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET**

**6<sup>th</sup> October 2015**

**REPORT AUTHOR:** **County Councillor Darren Mayor  
Portfolio Holder for Property, Buildings and Housing**

**SUBJECT:** **Application to suspend the Right to Buy across Powys**

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**REPORT FOR:** **Decision**

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**1. Summary**

1.1 This report seeks the consent of the Cabinet for:

- the Housing Service to commence a consultation exercise in respect of applying to the Welsh Government to apply to suspend the Right to Buy for council tenants, for a period of 5 years
- the Portfolio Holder for Commissioning and Procurement using delegated authority to submit the application, subject to the outcome of the consultation exercise.

**2. Background**

2.1 Since the introduction of the Right to Buy in the Housing Act 1980, it is estimated that the number of properties owned by Powys (and its three predecessor authorities) has reduced by nearly 50% to the current level of some less than 5,400 homes. Since the financial year 1998-99, Powys County Council has sold 1,138 homes. Table 1 shows the number of properties sold under the scheme each year since 1998-99.

**Table 1 Right to Buy sales from 1998-99 to 2014-15**

Financial Year	No. of Homes Sold	Financial Year	No. of Homes Sold
1998-99	84	2007-08	14
1999-00	157	2008-09	15
2000-01	106	2009-10	8
2001-02	151	2010-11	7
2002-03	177	2011-12	3
2003-04	247	2012-13	7
2004-05	73	2013-14	10
2005-06	34	2014-15	9
2006-07	36		

2.2 The majority of properties sold under RTB have been family homes, leaving us with a disproportionate mix of housing to address the housing needs of the County.

- 2.3 As Cabinet is aware Powys is a low wage economy when compared to other areas of Wales, and high house prices exist in many parts of the most desirable areas of the County. These two factors combine to effectively price many newly forming households out of the local housing market. The lack of affordable housing as well as the absence of well-paid employment opportunities are two of the key push factors which contribute to the loss of young economically active households from the area. The loss of council homes to the Right to Buy means that the supply of affordable housing to meet the needs of citizens of Powys is constantly diminished.
- 2.4 The recent agreement with Welsh Government and the HM Treasury to enable local authorities which have retained their housing stock to exit the Housing Revenue Account (HRA) subsidy system means that Powys is in a position to acquire existing properties and develop new homes to meet the housing needs of the citizens of Powys.
- 2.5 In line with current policy direction the Housing Service will continue to invest in its current stock in order to achieve the WHQS by 2018 and will also be investing additional HRA capital resources to improve and reconfigure the HRA housing stock and acquire/develop new homes over the coming years. The Council is required by the Welsh Government to produce, and review annually, its 30 year business plan. To achieve the objectives set out in the HRA business plan requires certainty in respect of the number of properties that the council will own and manage, as it affects the flow of revenue to fund major works. The continuation of the Right to Buy undermines that certainty about income levels.
- 2.6 The Local Housing Market Assessment agreed by Cabinet in March 2015, shows that of the 9 local housing market areas identified in Powys, 8 of these areas experience a need for additional affordable housing. In some areas such as the Welshpool Triangle, the Brecon Beacons National Park and Newtown & Llandiloes not only does the Local Housing Market Assessment report high levels of housing need, but it is in these areas where the number of people on the Housing Register are greatest and the supply of social housing is most constrained. Suspending the Right to Buy would prevent the further loss of the scarce supply of social housing in the County and provide the HRA with certainty in respect of projected revenue income throughout the life of the HRA Business Plan.
- 2.7 The Housing (Wales) Measure 2011 (the Measure) enables local housing authorities to apply to the Welsh Ministers for a direction to suspend the right to buy and related rights in areas of housing pressure for a period of up to five years. At the beginning of the current National Assembly for Wales term Ministers indicated that they would look favourably on requests from stock-retaining Local Authorities to suspend the Right to Buy and in 2012 Welsh Government issued Guidance for Local Authorities on Applying to Suspend the Right to Buy. Paragraph 3 of the introduction states: "*The purpose of the provisions is to maintain the availability of social housing by providing a*

*mechanism to suspend tenants' rights to purchase their homes while the supply of social housing is increased by other means."*

- 2.8 To date two Authorities, Carmarthenshire and Swansea, have successfully applied to suspend the right for a period of five years. Other authorities are likely to follow suit in coming months and workshops are being set up by WLGA officers to actively help LA's across Wales to apply in accordance with the guidance.
- 2.9 Officers of PCC have followed the guidance in preparing this report. The main elements of the guidance are summarised in Annex 1. These include a requirement for consultation with tenant representative bodies and a political decision (see Annex 1 below).
- 2.10 The current Welsh Government has indicated that it will legislate to suspend the right across Wales should it be re-elected. However, should this happen it is likely that the legislation to suspend the Right to Buy is several years off. To reduce the attractiveness of the Right to Buy the Welsh Government have introduced the Housing (Right to Buy and Right to Acquire) (Limits on Discount) (Amendment) (Wales) Order 2015. This Order reduces the discount available to Right to Buy purchasers from £16,000 to £8,000. This measure took effect from 14<sup>th</sup> July 2015.
- 2.11 In the meantime the process for applying to suspend has been agreed by Welsh Government and has several stages that need to be met. These include a requirement for consultation with tenant representative bodies and a political decision.
- 2.11 The Tenant Liaison Forum at its meeting on 26th June 2015 confirmed unanimously its agreement to the proposal to suspend the Right to Buy in Powys.
- 2.12 The Head of Housing has discussed the suspension with the Council's Place Scrutiny Committee, at a Member Development Session when the exit from the Housing Revenue Account (HRA) subsidy regime was explained. In addition the issue has been discussed with partners at the multi-agency Strategic Housing Partnership, and in Directorate and Housing Management Teams where support for the proposal was unanimous.
- 2.13 It is proposed, that following Cabinet agreement to this report, a consultation exercise will be conducted with Powys citizens, via the website. Subject to the outcome of the consultation exercise it is further proposed that the Portfolio Holder for Commissioning and Procurement will take the final decision on whether to submit the proposed application to the Welsh Government.
- 2.14 Whilst the proposed application to the Welsh Government is to suspend the Right to Buy for secure tenants of the council, this doesn't prevent the Council at some point in the future considering the introduction of a scheme to sell individual properties to tenants in areas

of lower demand and reuse the capital receipt generated to acquire or develop additional property in areas of higher need.

### **3 Powys One Plan**

- 3.1 Suspending the RTB will contribute to the aims of the One Powys Plan across a wide spectrum of the areas on which the Plan focuses. Most specifically it will contribute to the health and well-being agenda and the stronger safer communities in that we will be better able to address the housing needs of an ageing community with the recognised health benefits that brings, as well as addressing the needs of those less able to provide for themselves due to financial and other circumstances.

### **4 Options Considered/Available**

- 4.1 Powys County Council has 2 options available.

1. Do nothing and continue to lose homes to the Right to Buy over years to come.
2. Apply to suspend the RTB.

### **5 Preferred Choice and Reasons**

- 5.1 Option 2 is the preferred choice as it is the only option that gives the authority complete freedom to maintain, increase and improve the housing stock necessary to address a changing demand over coming years

### **6. Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies etc**

- 6.1 Suspending the Right to Buy across Powys would ensure that the supply of affordable housing in the County is preserved, reducing the loss of emerging households who are priced out of the housing market. It would also provide a more sustainable approach to the supply of housing for rent by the Council.

### **7 Children and Young People's Impact Statement - Safeguarding and Wellbeing**

- 7.1 This is a service specific matter.

### **8 Local Member(s)**

- 8.1 The proposal is to extend the suspension across all of Powys and therefore may affect any and all members

## **9 Other Front Line Services**

- 9.1 This is a service specific matter.

## **10 Support Services (Legal, Finance, HR, ICT, BPU)**

- 10.1 Finance – “The Finance Business Partner notes the contents of the report and supports Suspending the Right to Buy as this would contribute greatly to the sustainability and appropriateness of the housing provision across Powys whilst providing the HRA with certainty in respect of projected revenue income throughout the life of the HRA Business Plan”
- 10.2 Legal – “the Professional Lead-Legal supports the recommendation in this report and confirms that the legal service will assist where appropriate.”

## **11 Local Service Board/Partnerships/Stakeholders etc**

- 11.1 The views of the housing services key stakeholders have been sought via the Strategic Housing Forum.

## **12 Corporate Communications**

- 12.1 A consultation exercise on the proposal to suspend the Right to Buy would be communicated to the public by the following means:
- issuing of press release to news agencies
  - the placing of article on the Council’s website
  - via the Housing Services FaceBook page.
- 12.2 It is proposed that all articles would contain a hyperlink to an online survey which would enable citizens to provide their views on the proposal. In addition consultation packs would also be available in hard copy format in each of the libraries.

## **13 Statutory Officers**

- 13.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report.”
- 13.2 The Strategic Director Resources (S151 Officer) notes the comments made by finance. In addition the flexibility outlined in paragraph 2.14 is supported whereby consideration could be given at some future stage to introduce a scheme to sell individual properties to tenants in areas of lower demand so that the capital receipt generated could be used to provide funding to acquire or develop additional property in areas of higher need.

## **14 Members' Interests**

- 14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<p><b>That Cabinet grants approval:</b></p> <ul style="list-style-type: none"><li>• for the Housing Service to commence a consultation exercise in respect a proposal to suspend the Right to Buy for council tenants for a period of 5 years</li><li>• for the Portfolio Holder for Commissioning and Procurement using delegated authority, to submit the application to suspend the Right to Buy for council tenants for a period of 5 years to the Welsh Government, subject to the outcome of the consultation exercise.</li></ul>	<p><b>To enable the Council to ensure that it can meet the housing needs of the citizens of Powys and the investment in Council Housing is maintained.</b></p>

<b>Relevant Policy (ies):</b>	None..
<b>Within Policy:</b>	<b>N</b>

<b>Relevant Local Member(s):</b>	<b>All Members</b>
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<b>Person(s) To Implement Decision:</b>	<b>Affordable Housing Officer</b>
<b>Date By When Decision To Be Implemented:</b>	<b>..7<sup>th</sup> October 2015</b>

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
Mark Davies	01597 827464		Mark.davies@powys.gov.uk

**Background Papers used to prepare Report:**

## **Annex 1: Process steps as per WG guidance.**

### **Elements of the Guidance for LAs on applying to suspend RTB.**

1. Section 1 of the Measure states that, before submitting an application, a local housing authority must have consulted stakeholders and, in the light of that consultation, concluded that the “Housing Pressure Condition” exists.

That is:

- a) within the local housing authority’s area, the demand for social housing substantially exceeds its supply, or is likely to do so, and
- b) the imbalance between supply and demand is likely to increase as a result of the exercise of the right to buy and related rights.

2. The stakeholders to be consulted include:

- a) providers of social housing with dwelling-houses in the proposed area;
- b) bodies representing the interests of tenants;
- c) a local housing authority (or authorities’) whose area is adjacent to the area to which it is proposed the direction is to apply; and
- d) any other persons which the local housing authority considers appropriate (which could include bodies representing the interests of local residents).

### **Application Process - Summary**

- i) The local housing authority assesses information and prepares a proposal for consultation with tenants, stakeholders and Registered Social Landlords \*
- ii) Consultation takes place and an assessment of comments is made
- iii) Authority prepares draft application for informal discussion with officials in the Welsh Government Housing Directorate
- iv) Informal discussions with officials in the Welsh Government
- v) Submission of formal application for a direction

The application has the following elements:

- Core evidence to show that demand exceeds supply\*\*
- Optional supporting evidence\*\*
- Measures to be taken to increase supply
- vi) Consideration of application by the Welsh Ministers - local authorities will be made aware of the date on which this process takes place
- vii) Announcement of decision by the Welsh Ministers - this will be within six months of when the Welsh Ministers first decide to consider the application
- viii) The Local Housing Authority informs its tenants, stakeholders and Registered Social Landlords of the decision and its effect

\* *The Minutes of the Strategic Housing Partnership held on June 19<sup>th</sup> and those of the Tenants’ Liaison Forum held on 26th June show that the proposal to apply for a suspension of the RTB was met with unanimous support from partners and stakeholders as per the guidance requirements..*

\*\* *The Local Housing Market Analysis, supported by our own waiting list and those of our partner housing associations is considered strong supporting evidence of the demographic and market backgrounds showing that demand exceeds supply.*