

**Scottish Government Consultation –  
The Future of the Right to Buy in Scotland**

**Report by Eibhlin McHugh, Director, Communities & Wellbeing**

## **1 Purpose of Report**

This Report is to agree Midlothian Council's response to the proposed reform of the Right to Buy which has been established for local authority housing since 1980. The Scottish Government are considering changes to the current legislation. The changes proposed within the Right to Buy consultation will impact on current working practices. The proposals are part of a wider remit which aims to improve access to social rented housing and protecting that housing from the Right to Buy.

The consultation provides an opportunity to influence the direction and scope of the proposed changes which will be implemented as part of a Housing Bill, which will be introduced later in this Parliament.

The consultation paper proposes two options – restricting the discounts of tenants with the preserved right to buy so that they equate to the discounts under the modernised right to buy, or abolishing the Right to Buy altogether.

## **2 Background**

The Scottish Government has put forward proposals to further restrict the Right to Buy housing policy and has announced consultation on the issue, with responses required by the 30 August, 2012.

The proposed changes would cut the discounts available to those who wished to purchase their home through the right to buy and place greater restrictions on where it would be available, for example, in areas where housing is under particular pressure and help maintain the stock of affordable homes for rent.

While the main focus of the consultation is on tightening the current rules around who qualifies for right to buy, it also raises the possibility of ending the right to buy altogether. Since 1996 2,777 Right to Buy sales have taken place in Midlothian, however the number of sales has fallen in recent years with 28 council homes sold in 2011/12. A total capital receipt of £1.285M was generated in 2011/12, however the approximate cost of replacing the homes

sold in 2011/12 would be £3.500M (using the average unit cost from Phase 1 of the Council's Social Housing Programme).

Many homes are still sold at a significant discount, for example in 2011 one home valued at £134,000 received a £119,000 discount, resulting in the buyer paying £15,000 to purchase their home. At present all tenants who began their tenancy since 1<sup>st</sup> April 2011 no longer have the Right to Buy. However, at present 4,689 current tenants still retain the Right to Buy.

### **3 Report Implications**

#### **3.1 Resource**

There are no resource implications in these proposals.

#### **3.2 Risk**

There is a risk to the Council where policy and practices do not comply with legislation of legal challenge by any interested party, or possible sanction by the Scottish Housing Regulator.

#### **3.3 Policy**

##### **Strategy**

The proposal in this report meets the council's strategic aim in the provision of affordable social rented housing in Midlothian.

##### **Consultation**

There has been consultation with Legal and Financial services in relation to this Report. Council Officers are providing support to the two local Registered Tenants Organisations who intend to provide their own responses to the consultation.

##### **Equalities**

The Policy consultation has been subject to a Scottish Government Equality Impact Assessment.

##### **Sustainability**

The response is to meet housing need in a way which sustains balanced communities and the housing needs of families at different stages; from younger starter households to older people. We will make best use of our

housing stock to meet housing needs and aspirations as they change over time in building sustainable communities.

### **3.4 IT Issues**

There are no IT issues in relation to this report.

## **4 Summary**

Midlothian Council's response to the proposed reform is towards creating better outcomes for meeting the housing needs of the community and reflects the local authority's calls for fairness in the provision and retention of their housing stock as the allocation and management of their housing stock aims to improve the life of applicants and tenants.

## **5 Recommendations**

It is recommended that Council agree to the submission of the consultation response attached in Appendix 1.

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**Background Paper:**

The Future of Right to Buy in Scotland – A Consultation

Available in the members' library and online at:

<http://www.scotland.gov.uk/Resource/0039/00394388.pdf>

## APPENDIX 1

### Scottish Government Consultation – The Future of the Right to Buy in Scotland

The changes proposed within the Right to Buy consultation will impact on current working practices. The proposals are part of a wider remit which aims to improve access to social rented housing and protecting that housing from the right to buy.

The consultation provides an opportunity to influence the direction and scope of the proposed changes which will be implemented as part of a Housing Bill, which will be introduced later in this Parliament.

Midlothian Council's response to the proposed reform is towards creating better outcomes for communities and reflects the local authority's calls for fairness in the provision and retention of their housing stock as the allocation and management of their housing stock aims to improve the outcomes for applicants and tenants.

**Proposal 1:** Do you agree that further restrictions to the right to buy are needed?  
YES

#### **Comments and reasons.**

*Any new provisions should be consistent with the aims of Homelessness legislation in protecting the scarce resource which is our rented housing stock with the loss of a substantial proportion of desirable properties since the introduction of the sales in 1980.*

*The RTB has taken a disproportionate amount of the better housing stock out of the social rented sector, which is only partly countered by the new build provision and the residualisation of the sector has resulted in determining who social housing is provided for.*

*In Midlothian 4,727 households are on the waiting list for social rented housing, with demand for social rented accommodation outstripping supply and RTB sales detract from the right to access affordable, decent homes.*

**Proposal 2:** Do you agree with the proposal to end the right to buy altogether?  
YES

**Proposal 3:** If so, what notice period should we give?

Two years

Three years

Five Years

Other

**Proposal 4:** Do you agree with the proposal to move all those with a preserved entitlement onto modernised terms?

*YES, if abolition of the right to buy is not pursued, this would be the preferable default option to ensure fairness and equity.*

**Proposal 5:** If Yes, what notice period should we give for moving everyone onto modernised terms?

**Two years**

Three years

Five Years

Other

**Proposal 6:** Which option do you prefer – ending the right to buy or moving from preserved to modernised?

*Ending the Right to Buy. If abolition of the right to buy is not pursued, moving from preserved to modernised would be the preferable default option to ensure fairness and equity.*

**Proposal 7:** Do you think there would be any unexpected issues with either option?  
YES/NO

*If Yes, explain*

**Proposal 8:** What financial effect would our proposed changes have on social landlords, particularly over the longer term?

- ❖ *Sales of local authority properties in Midlothian have fallen substantially and make no material difference in the capital funding decisions for investment in new build properties programme or the Scottish Housing Quality Standard.*
- ❖ *Midlothian Council has regular experience of family members who abuse the current position by purchasing relatives property. There have been instances of re-letting ex-council homes in the private rented sector to anti- social occupants.*

**Proposal 9:** What steps can landlords take to reduce any negative effects?

*Expect minimal negative impact on the business case for RTB to continue.*

**Proposal 10:** Do you support the proposal to repeal section 69 and delegate decision- making to landlords?  
YES

**Comments and reasons**

*The proposal to shift decision making from Scottish Ministers to landlords in relation to exempting the amenity housing for elderly takes account of localism agenda and the particular needs which are better reflected by local, elected representatives.*

**Proposal 11:** Do you have any views on the 10-year suspension and possible future changes?

*Registered Social Landlord tenants could lose entitlement under a permanent exemption proposed in the 10-year rule applied to Housing Associations.*

**Proposal 12:** Are there any other right-to-buy issues which you think should be tackled?

NO

**Proposal 13:** What groups do you think would be affected – positively or negatively – by the proposed reforms?

*Registered Social Landlord tenants could similarly lose entitlement under a permanent exemption proposed in the 10-year rule applied to Housing Associations.*

*By setting an implementation date any sitting tenant is not disadvantaged as they have the opportunity to use their existing RTB provisions.*

*Tenants who are currently entitled to the Modernised RTB could then lose that entitlement under the 5 year qualifying period if it is abolished.*

**Proposal 14:** What could we do to avoid any negative effect?

*Reforms will be unpopular, by setting an implementation date any sitting tenant is not disadvantaged as they have the opportunity to use their existing RTB provisions. Effective communication with affected tenants will help to address changes in RTB provisions.*

**Proposal 15:** Do you have any comments on the partial Equalities Impact Assessment?

NO

**Proposal 16:** Do you have views on the effect these proposals may have on your business?

*Rather than a fourth proposal in the Right to Buy schemes, any further variations on the currently complex RTB rules has to be avoided as these are difficult for tenants to understand and staff to administer.*

*A lack of mortgage availability is unlikely to result in substantially increased demand for RTB sales.*

**Proposal 17:** Do you have any comments on the partial Business and Regulatory Impact Assessment?

NO