

The Future of Right to Buy in Scotland



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

ALACHO (Association of Local Authority Chief Housing Officers)

Title Mr Ms Mrs Miss Dr Please tick as appropriate

Surname

Hayton

Forename

Jim

2. Postal Address

c/o CIH

4th Floor

125 Princes Street

Edinburgh

Postcode EH2 4AD

Phone 07795 090211

jim.hayton@alacho.org

3. Permissions - I am responding as...

Individual

Please tick as appropriate

Group/Organisation

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate Yes No

CONSULTATION QUESTIONS

1. Do you agree that further restrictions to the right to buy are needed?

Yes No

For the reasons set out below, ALACHO favours ending the right to buy council houses.

2. Do you agree with the proposal to end the right to buy altogether?

Yes No

The issue has been discussed at several ALACHO meetings. Whilst acknowledging that the decision on whether to end right to buy altogether is clearly a matter for local elected members and MSPs, the clear consensus among chief housing officers favours ending the right to buy altogether. ALACHO believes that the arguments in favour of maximising the stock of good quality rented housing of good quality outweigh the financial and rights based arguments in favour of retaining the right to buy. If Ministers are not persuaded to end the right to buy altogether, we favour moving all tenants with the preserved right to buy onto the modernised right to buy. ALACHO also understands that the *right to sell* council houses will still be possible. This will be helpful to councils who may wish to exercise this option for strategic purposes in specific situations.

3. If so, what notice period should we give?

Two Years Three Years Five Years Other

Two years seems to be a reasonable period during which those who still wish to exercise their right to buy would have the opportunity to do so before its removal altogether .

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

Yes No

In in the circumstances described in response to Q2 above, where ending the right to buy altogether does not emerge as the government's preferred option, ALACHO would favour moving those with a preserved right to buy onto modernised terms. We would however prefer the option of ending the right to buy altogether.

5. If so, what notice period should we give?

Two Years Three Years Five Years Other (one year)

If the proposal to move those with a preserved right to buy onto modernised terms is preferred, ALACHO suggest a one year notice period. If this was held to be insufficient, a two year period would be acceptable.

6. Which option do you prefer?

Ending right to buy Moving from preserved to modernised

ALACHO favour ending the right to buy, for the reasons outlined above, the most important of which is that we believe the pressing need to maximise the supply of good quality rented stock far outweigh the benefits afforded to individual tenants through the right to buy.

7. Do you think there would be any unexpected issues with either option?

Yes No

Please explain these

The issues associated with either option are likely to be predictable. Some tenants may feel they are seeing rights removed and some politicians are likely to oppose removing or diminishing the right to buy for ideological reasons. In any event ALACHO believe that the decision should be made on principle in the interest of maximising rented housing supply and for good housing supply reasons

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

Forecasting the financial impact of the proposed changes will be a matter for individual councils, who will no doubt carry out this exercise before submitting their responses to this consultation. Most councils will have robust business plans in place thereby enabling proper scrutiny and management of their HRA, allowing them to predict the impact of any changes to the RTB with some confidence. However, there seems little doubt that the huge reduction in RTB sales and associated capital receipts over the last five years or so will have significantly reduced the impact of RTB receipts on council housing finance. ALACHO agrees with the analysis presented in the consultation i.e. that financial outcomes will essentially be a trade-off between short term *reductions* in income from capital receipts and longer term *increases* in revenue streams from rents. ALACHO is broadly of the view that over time, the financial impacts of the proposals are likely to be broadly neutral across the country. In any event, we believe that the imperatives arising from the need to maximise the stock of affordable housing for rent will be a bigger factor in most councils' responses to the RTB consultation than financial considerations alone.

9. What steps could landlords take to reduce any negative effects?

Landlords forecasting negative financial impacts arising from any aspect of these proposals, such as net shortfalls in income, can either argue for the retention of RTB in some form, or, should they favour the long term retention of stock over the income from sales to maximise supply, may wish to identify alternative sources of income such as increased rents or other charges, disposal of land and/ or other assets, or increased borrowing using the rental income generated as a result of retaining stock which otherwise would have been sold under right to buy..

10. Do you support the proposal to repeal section 69 and delegate decision-making to landlords?

Yes No

Clearly if the right to buy is abolished altogether this proposal is unnecessary. Should this be decided against we would be content to see this delegated to landlords.

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

ALACHO is content to leave the response on this to RSLs and their representative bodies. However given councils' interest in seeing the supply of affordable housing increased rather than diminished, we would be happy to see the current suspension made permanent. We believe most RSLs concur with this view.

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

Yes No

ALACHO agrees entirely that removing the right to buy altogether would be the simplest way of clarifying the law around RTB. We are aware of a number of anomalies identified by councils from time to time in administering the right to buy but are content to leave these for councils to highlight in their individual responses.

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

Clearly, existing tenants with aspirations to buy their council house, and who were unable to do so within a prescribed notice period may feel disadvantaged by the proposals. However homeless households and others seeking rented accommodation may well benefit from the increase in supply generated by ending the right to buy through shorter waiting times for good quality accommodation. We note the Scottish Government's estimate that if right to buy were ended altogether, for the period from 2015 – 2020 alone, an additional 10,000 houses might be retained in the social

sector which might otherwise have been lost through RTB. Clearly the proportion of these retained houses which become available for re-let during this period would be of great value to social landlords in meeting pressing housing needs in their areas.

14. What could we do to avoid any negative effects?

Some negative effects (or more accurately negative perceptions) are likely to be unavoidable. These can potentially be mitigated by a programme of clear information to tenants of social landlords potentially affected by the proposals.

15. Do you have any comments on the partial Equalities Impact Assessment?

ALACHO is content that the partial EQIA represents a robust attempt to identify the impact of the consultation paper's proposals on the specified equalities groups and are happy that such impacts are reasonably highlighted.

16. Do you have any views on the effect these proposals may have on your business?

ALACHO is the representative body for Scotland's chief housing officers and not a business. The proposals will however have an impact on those councils who retain council housing. As noted above, each council will have assessed the potential impact of the proposals on their housing activities and housing accounts.

17. Do you have any comments on the partial Business and Regulatory Impact Assessment?

ALACHO is content that the partial BRIA represents a reasonable effort to identify the potential business related consequences of the three broad options presented in the consultation paper .