



Consultation – Proposed Affordable Housing LCO Committee – *The National Assembly for Wales (Legislative Competence) (No.5) Order 2008* relating to the disposal of dwellings and dwelling houses by social landlords (Affordable Housing).

A response by the Chartered Institute of Housing (CIH) Cymru to the Welsh Assembly Government

January 2008

The Chartered Institute of Housing is the only professional organisation representing all those working in housing. Its purpose is to maximise the contribution that housing professionals make to the well being of communities.

In Wales, we aim to provide a professional and impartial voice for housing to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

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The Chartered Institute of Housing (CIH) Cymru is committed to working with our members, the Welsh Assembly Government and all our other partners to deliver, warm and affordable homes for all in safe and vibrant communities. We welcome the opportunity to engage with the Proposed Affordable Housing LCO Committee and we look forward to giving oral evidence at the forthcoming meeting.

Views on the general principal that the LCO be conferred on the Assembly

1. Our initial response is that we support the utilisation of all possible mechanisms that can significantly increase the provision of affordable housing for rent and sale in Wales. We recognise that the proposed LCO should be just one of a range of measures aimed at addressing the shortage of affordable housing as indicated in the 'One Wales' agenda. We feel it is appropriate that the assembly should have legislative powers to address housing challenges and implement solutions specific to Wales.
2. We acknowledge that a significant proportion of the social housing stock in Wales has been lost due to the Right to Buy and the impact of this has been exacerbated because the level of investment in new social housing has not been sufficient to replace those properties.
3. The CIH does however, also recognise the positive impacts that the Right to Buy has had, in terms of its contribution to social inclusion by helping to deliver mixed communities. It has also played a role in offering social housing tenants the opportunity to benefit from asset wealth and the ability to pass these benefits onto their family and children and helping to reduce poverty. We would therefore strongly support an alternative for these households that can provide tenants with a means of investing in residential property without having to buy a whole property, meaning that they can benefit from some of the assets associated with home ownership.
4. In considering the proposed LCO we feel we should highlight some of the equality issues that might arise if it is taken forward, in that certain individuals will be denied the opportunities afforded by RTB because they are deemed to live in an area of housing pressure. We are aware that the specific way in which the Order might be exercised has not yet been decided, but we are worried that it could create a two tier situation in the social housing sector, where some tenants in areas where the measure is not enacted continue to have access to a low cost homeownership opportunity and others tenants in areas where the measure is enacted lose this opportunity. We feel this is inequitable.

Our views on the terms of the proposed order

We have acknowledged our support for any measure that seeks to increase the supply of affordable housing, and our recognition that the proposed LCO is one element in a range of measures being considered by the National Assembly for Wales. We would however, like to raise the following issues in relation to the terms of the order:

- We would highlight that some areas of extreme housing pressure (particularly some rural areas) are likely to be already experiencing very low numbers of Right to Buy sales. This would lead us to question whether or not the proposed order will have the most impact in the areas at which it has been targeted.
- A measure to allow local authorities to apply to suspend the Right to Buy will not increase the supply of social housing lettings in the short term. Tenants purchasing their homes via the RTB often have a strong connection with the communities where they live and continue living in the purchased homes for a significant period after the sale. Moreover, even if the RTB is not exercised, the property may not come up for re-let for many more years. In other words, until a household that bought their home under RTB sells their property on the open market there is no effect: a household purchasing and continuing to live in a property under RTB does not have any immediate effect on the balance of housing need and supply in a locality.
- The CIH would suggest that any modification of the policy on the Right to Buy should involve a consideration of how the scheme can help deliver affordable housing in perpetuity, not just benefit the first purchaser. This might involve addressing one of the significant drawbacks of the policy, which is that it doesn't allow the resources generated by the sale of the property to be used to develop replacement homes.
- If we are to limit access to home ownership by removing the Right to Buy then we must seriously consider alternative measures to help poorer families to benefit from the prosperity associated with property assets. We would therefore strongly recommend that any consideration of Right to Buy policy is intrinsically linked with a review of the Homebuy scheme in Wales, and would welcome hearing the Assembly's views on this.
- Overall we would suggest that terms of the proposed LCO be considered in the light of wider housing policy context. We are aware that work has started on a developing a new National Housing Strategy and ten year Homelessness Plan, and anticipate that this process will involve identifying a range of responses to the affordable housing issue. We would therefore suggest that any legislative measures be closely linked to
- In particular CIH Cymru would recommend that a clear statement on Neutral Tenure is required from WAG. Such a policy could deal with all

forms of ownership and allow people the opportunity to staircase up and down according to their financial circumstance. For example, if someone could exercise the right to 'Homebuy' in their existing property, not only would this save a property that would otherwise be lost through the RTB, it would also promote flexibility and affordability for the consumer and enable households to stay in a community of their choice, preserving their existing links and networks.

Further Evidence

We also refer you to our Key Information Policy Briefing Paper '*Young Working and Homeless? Younger Working Households in Wales and the Affordability Crisis*' published in September 2005, which contains research carried out by Professor Steve Wilcox from the Centre of Housing Policy at the University of York that shows that young households are being forced out of the property market across the country, particularly in areas where wages and salaries are low yet demand for homes is high.

The briefing also sets out what action we would like to see the Welsh Assembly Government, Welsh Local Government Association, local authorities and social landlords take to tackle the affordable housing crisis. For an electronic copy of this briefing, visit: <http://www.cih.org/cymru/policy/key3.htm>