

ARTB 07

Bil Diddymu'r Hawl i Brynu a Hawliau Cysylltiedig (Cymru)

Abolition of the Right to Buy and Associated Rights (Wales) Bill

Ymateb gan: Dinas a Sir Abertawe

Response from: City and County of Swansea

Dear Sir/Madam

Thank you for giving the City and County of Swansea the opportunity to comment on the Abolition of the Right to Buy Bill.

As per your request, we have based our observations around your terms of reference and our comments are set out below:–

Protecting and increasing the Supply of Social Housing – Since December 2014, the Right to Buy (RTB) and the Right to Acquire (RTA) has been suspended within the City and County of Swansea area. In the time between Local Government reorganisation in 1996 and this local suspension, 2703 properties have been lost from the Council's stock as a result of RTB. However, since then, not only has the suspension helped to stem any further reduction in the supply of Council housing but new units have either been added or are in the process of being built. Following the refurbishment of two high rise blocks of flats, an extra 9 flats were constructed as part of the works and in, as part of the Council's 'More Council Homes' strategy 18 new properties are close to completion as part of a new build pilot project.

Whilst the number of properties sold by Registered Social Landlord (RSL) under the RTA scheme were minimal before the suspension, the RSLs continue to increase their stock of affordable housing in Swansea using financial support via the Social Housing Grant and Housing Finance Grant blending programme.

Potential Unintended Consequences of the Bill –From our experience of the local suspension, many tenants did not understand that the legislation and support relating to the RTB varies greatly between England and Wales. When central Government’s further encouragement of RTB in England was widely reported in the media, we often take calls from tenants who thought that the suspension in Swansea had been lifted as they were unaware that the policy in Wales is different.

Following the recent media coverage relating to the RTB suspension Bill in Wales, there have been many enquiries from tenants asking if they will be given the one year ‘window of opportunity’ to buy their property when and if the legislation is introduced, in a similar way to tenants in Authority areas where a local suspension hasn’t taken place. Most tenants raising this issue with us have said that they don’t think it is fair that they will not have this window of opportunity to purchase which tenants in other areas of Wales will have.

Financial Implications of the Bill – The suspension of the RTB in Swansea has had a positive financial effect on the Authority’s Housing Revenue Account (HRA).

In the 5 years leading up to the suspension of the RTB in Swansea in 2014, the Authority was losing on average 32 Council properties per year to the RTB.

In an average year in the 5 years before the suspension, the Authority was losing £139,000 in rental income each year due to new RTB sales.

If this figure is projected over the 30 year lifespan of the Authority’s HRA Business Plan, based on the average annual number of RTB sales leading up to the suspension, the Authority could lose £ 4.17m in rental income over the 30 year period.

Whilst the Authority received capital receipts following the sale of these properties, only a percentage of these receipts could be reinvested with the rest having to be used to pay off debt.

General Issues – If the proposed legislation is introduced, we would encourage all Authorities who have not yet suspended the RTB to write to all tenants to inform them of the suspension and how it will take effect locally.. Despite publicising the local suspension and informing all tenant groups, we still received a considerable number of enquiries from tenants who claimed they were not aware of the fact the RTB had been suspended in the Authority.