

ARTB 01

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

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

Ymateb gan: Shelter Cymru

Response from: Shelter Cymru

## Our vision

Everyone in Wales should have a decent and affordable home: it is the foundation for the health and well-being of people and communities.

## Mission

Shelter Cymru's mission is to improve people's lives through our advice and support services and through training, education and information work. Through our policy, research, campaigning and lobbying, we will help overcome the barriers that stand in the way of people in Wales having a decent affordable home.

## Values

- Be independent and not compromised in any aspect of our work with people in housing need.
- Work as equals with people in housing need, respect their needs, and help them to take control of their lives.
- Constructively challenge to ensure people are properly assisted and to improve good practice.

## Our response

Shelter Cymru welcomes the opportunity to provide a written response to this inquiry. The Right to Buy policy has been a key contributor to the housing crisis that Wales is currently facing. The impact of this policy, and a lack of investment in affordable housing over the last three decades, have resulted in social housing becoming a scarce and limited feature of our housing options for Welsh households. We have been calling for its abolition for many years: in 2008, when the Welsh Government was consulting on the proposed measure to suspend the Right to Buy in areas of housing pressure, we called on the Government to secure the powers to end the Right to Buy altogether.

We welcome Welsh Government's understanding and recognition of the crucially important role that the social sector plays in accommodating some of the most vulnerable in our society. Research shows that affordable housing is a key tool to tackling poverty across Wales<sup>1</sup>. With Wales having a higher proportion of households on relatively low incomes, affordable housing can often be a vital element that enables people to live above the

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<sup>1</sup> Tunstall et al. 2013. The links between housing and poverty. JRF

headline<sup>2</sup>. To this end, the importance of social housing cannot be underplayed and any efforts to protect Wales' stock will be fully embraced by Shelter Cymru.

While we recognise the positive aspects of Right to Buy such as its contribution to mixed tenure and income communities, enabling households to access home ownership and remain in their neighbourhoods, it is difficult to envisage the continued selling of affordable houses at discounted prices particularly at a time of high housing need. There are other models in place which support people to transition into home ownership from social housing such as stair-casing and shared equity schemes which are more efficient than the Right to Buy.

Studies do show that homeownership is an aspiration for the majority of households<sup>3</sup> but research exploring homeownership among tenants of social housing suggests that is less likely to be a reality for the majority, with only 7% of all housing association tenants wanting to and being able to purchase their own home through Right to Buy<sup>4</sup>.

The security and affordability of social housing means that it continues to be preferred to privately rented housing for the majority of households in Wales. This suggests that only a minority of tenants will lose their opportunity to become homeowners, while the majority will continue to benefit from affordable and secure housing.

While the impact of the abolition won't be instant it will be sustained over the long term, supporting efforts to address the need for affordable housing options for future generations. This will help to ensure the prosperity and resilience of Welsh households, and to support the effective and full implementation of the Welsh homelessness legislation, which depends upon access to affordable and secure housing solutions for people in crisis. The continued selling of our social housing while Welsh Government is aiming to produce 20,000 affordable homes is completely contradictory.

Protecting and investing in social housing may also have a positive wider impact in reducing and preventing homelessness; research has found that homeless people in Wales are more likely to have multiple and complex needs<sup>5</sup> which are likely to be better met by social landlords. Studies have shown that people with support needs are more likely to sustain a social housing tenancy than a private rented one<sup>6</sup>. Without adequate numbers of homes in the social housing sector more vulnerable people will have to rely on private rented accommodation which may not meet their needs and which may lead to repeat episodes of homelessness.

There is also a clear financial argument for abolishing the Right to Buy, with landlords reporting the policy as having a negative impact on their ability to build new homes<sup>7</sup>. In

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<sup>2</sup> Wilcox et al. 2015. UK Housing Review: Briefing Paper. CIH

<sup>3</sup> Citizen's Advice Cymru. 2015. The Future of the Right to Buy and Right to Acquire: Response form.

<sup>4</sup> Pattinson et al. 2016. Tenant Perceptions of the Right to Buy Extension: Evidence from the Big Tenant Survey. CRESR & Sheffield Hallam University

<sup>5</sup> Mackie, P & Thomas, I. 2014. Nations Apart? Experiences of Single Homeless People across Great Britain. Cardiff University: Cardiff.

<sup>6</sup> Warnes et al. 2013. Factors that Influence the Outcomes of Single Homeless People's Rehousing. Housing Studies 28 (5), pp. 782-798.

<sup>7</sup> Inside Housing. 2015. #Wrong to Buy. 17<sup>th</sup> April 2015, pp. 2-3

addition to this many houses sold through to Right to Buy emerge years later as private rented properties for people who need social homes but are left with little option but to rent higher cost, less secure houses. Ironically many of these tenants will rely on housing benefit to assist with the cost of these rents: this system is neither efficient, economical nor sustainable.

## Tenants' interests

Although there are clear overarching reasons why ending the Right to Buy is in the interests of the Welsh population as a whole, it is also the case that the Right to Buy remains a popular policy among many social tenants<sup>8</sup>. Alternative proposals by tenants have included subsidising deposits, to a value equivalent to the current discount, in order to assist tenants to purchase homes in the private market.

The problem with any intervention which helps people to buy housing is that it inevitably creates a housing bubble, keeping prices artificially high. This is in nobody's interests. Instead we should be concentrating public subsidy on increasing supply rather than demand.

However, we also need to engage with social tenants and listen to them in order to understand their aspirations and needs. It's crucial to understand why home ownership is still an attractive option for tenants.

Shelter and Shelter Cymru, in partnership with British Gas, have developed a new, person-centred measure of housing quality: the Living Home Standard<sup>9</sup>, based on a similar methodology as the Living Wage. The Standard describes what people believe is an acceptable minimum standard for homes in the 21<sup>st</sup> century in order to support people's wellbeing.

Earlier this year we carried out a Wales-wide survey to understand how many homes in Wales are currently failing the Standard. While across Wales 44% of people live in homes that fail the Standard, among social tenants the figure was considerably higher at 64%. By contrast, among owner-occupiers only 36% live in homes that fail the Standard.

The areas in which social homes were more likely to fail than the Wales average were affordability (42%); conditions (29%); neighbourhood (12%); and stability (11%).

Addressing these shortcomings via continued investment in improving conditions, community safety, affordability and rights is crucial.

We would also argue that the Welsh Government must ensure that tenants are adequately informed about their changing rights in respect of the Right to Buy. Among other reasons this is important to help tenants be aware of the risk of being targeted by unscrupulous lenders who may be active during the 12-month notice period. While many social landlords

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<sup>8</sup> <http://www.welsh tenants.org.uk/2015/05/to-buy-or-not-to-buy-this-is-the-question/>

<sup>9</sup> Not yet published – publication date July 2017

in Wales are effective at tenant communication, others have not always performed well in this area and a consistent Wales-wide approach, led by Welsh Government guidance, would be desirable.

Finally, we suggest that it may be fair to give all tenants across Wales the same chance to purchase their home during the 12-month period. During the Welsh Government consultation exercise, eight out of 12 tenants who lived in local authority areas where the Right to Buy had been suspended said they felt the opportunity should be given to all on an equal basis. Although these tenants would have had a notice period already, some may not have understood the process and may have been under the impression that suspended rights would be reinstated at a later date.

## Conclusion

We support the Welsh Government's aim to abolish the Right to Buy for three reasons:

- Our social housing is an invaluable resource that cannot easily or cheaply be replaced
- Abolishing the policy will only negatively impact a small proportion of tenants while protecting the majority and future generations
- It will support the wider aims of the Welsh Government to tackle homelessness and provide greater equality and prosperity in Wales.

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