

ARTB 11

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

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

Ymateb gan: Cartrefi Dinas Casnewydd

Response from: Newport City Homes

Terms of reference

- This statement relates mainly to “the duty to provide tenants and prospective tenants with information” and the subsequent notice period.
 - Newport City Homes has no comments in relation to the other headings within the terms of reference.
1. Newport City Homes (NCH) is a registered social landlord providing services to over 10,000 residents, leaseholders and shared owners in the city of Newport. The organisation came into being in 2009 following the transfer of Newport City Council’s housing stock. Just under 9,000 of NCH’s properties are social rented homes. We estimate that at least 58% of our social tenants could have the preserved Right to Buy or Right to Acquire (RTB/A). This conservative estimate is based on the number of tenancies which have been in place for 5 years or more and therefore meet the qualifying period criterion. However, this estimate does not include those tenants who have been with us for less than 5 years and may have qualifying years from previous social tenancies. Therefore the actual number of tenants with the RTB/A is likely to be higher than our 5,200 estimate. With a 1 year notice period prior to abolition this number would increase further. Therefore, the potential number of applications before abolition is high.
 2. Since stock transfer in 2009 NCH has sold 98 properties via RTB/A. The number of RTB/A enquiries and unsuccessful applications is much higher than this. There are associated administrative costs in assessing applications, arranging property valuations and conveyancing whether the sales successfully complete or not. We have one officer at NCH who carries out these tasks as part of their role. It is suggested that landlords will be required to write to tenants giving at least 1 year’s notice of the abolition of RTB/A (2 months for newly-let properties). During this notice period we would expect a surge in applications which would result in a large loss of stock and would require further resourcing to cope with demand.
 3. In Swansea and Carmarthenshire, during the period leading up to suspension of the RTB/A, the number of sales increased by 84% and 200% respectively between 2012-13 and 2013-14. It has been assumed that the overall spike in applications in Wales following Royal Assent is unlikely to be as steep as the Swansea/Carmarthenshire experience due to the reduction in the maximum discount in 2015. However, in Newport the reduced discount has not had an impact on the number of RTB/A completions. We saw an initial spike before the

discount was reduced in 2015 but since that time the number of completions has reverted back to standard:

Financial Year	No of RTB Sale Completions
2009-10	1
2010-11	21
2011-12	11
2012-13	13
2013-14	6
2014-15	10
2015-16	26 (24 were sold at the higher maximum discount rate)
2016-17	10
Total	98

4. Over recent months we have seen an increase in the number of RTB/A enquiries. This is possibly due to the announcement of the Bill. NCH currently has 27 pending RTB/A sales underway. Each of these applications is at a different stage in the RTB/A process providing a significant workload for the officer responsible. The administrative burden would undoubtedly increase during a 1 year notice period, possibly becoming unmanageable.
5. Administering RTB/A applications and sales requires a specialist knowledge so additional resources to manage any upsurge in applications is going to be difficult which may have an impact on completing applications within the statutory timeframe.
6. In order to preserve the social housing stock and reduce the potential impact on resources we would suggest that the 1 year notice period be reduced to 2 months in line with the notice period for newly-let homes. Two months would give any tenant considering purchasing their home enough time to take advice and apply for a mortgage. Any applications initiated during the 2 month period would be honoured through to completion even if that happens outside of the 2 months.
7. Due to the obvious costs associated with writing to each tenant individually and the higher level of applications likely to be received from individual contact, we would suggest that it would be sufficient to publicise the abolition of the RTB/A via newsletters, websites and social media. By way of comparison, the Renting Homes Bill will not require individual communications to tenants regarding the changes to terms and conditions in tenancy agreements/contracts. This is arguably a more fundamental change for tenants than the abolition of the RTA/B. Therefore, we do not believe that an individual letter to each tenant is necessary or proportionate.

8. Over 80% of NCH's RTB/A sales have been desirable 3 or 4 bedroom family homes. Thus based on maximum occupancy the number of social housing "spaces" lost is even more significant than the number of sales portrays. It is anticipated that applications received during the notice period would continue to reflect this trend and therefore any spike would lead to a significant loss in social housing supply. A 2 month notice period would limit the detrimental effect of this.
9. To conclude, as a registered social landlord we welcome the Bill and the opportunity to safeguard Wales' housing stock and encourage further development. We also accept that we have a duty to inform tenants (via the channels suggested above) of the imminent abolition of the rights. However, we would seek to limit the subsequent impact on us as an organisation and on Wales' social housing stock in general by implementing a 2 month notice period for both newly-let and existing social housing.