

NOTICE OF MOTION – RIGHT TO BUY

To be proposed by Councillor Karen Leytham. Seconded by Councillors Janet Hall, Colin Hartley, Ronnie Kershaw and Richard Newman-Thompson:

“There is a growing demand and insufficient provision of social and council housing for rent in the Lancaster District and the Right To Buy scheme in its current format presents difficulties to Lancaster City Council to provide new appropriate housing on a replacement basis when a dwelling is sold, so:

Lancaster City Council proposes the following:

- *That our Government follows the leadership of the Scottish Government in reversing the Right To Buy scheme for council houses.*
- *That the proposal to extend the Right To Buy scheme to housing associations be abolished.*
- *That the proposal to manage welfare spending by controlling council house rents be abolished as this goes against the move in 2012 to relinquish central government control and allow councils more freedom to manage their housing portfolios.*
- *That the Chief Executive of Lancaster City Council sends this resolution to the Secretary and Shadow Secretary of State for DCLG, the Housing and Shadow Housing Minister, the district’s 2 MP’s, housing associations that operate in our district, Lancashire County Council and all Lancashire councils.”*

OFFICER BRIEFING NOTE

Background

Lancaster district has a total housing stock of just over 60,000 dwellings. Around **78%** is owner-occupied, **12%** is privately rented, **6%** is owned by the local authority and around **4%** is owned by Registered Providers. Lancaster City Council is the largest provider of social housing with around 3,800 dwellings and Registered Providers provide around 2,200.

Right to Buy

The Right to Buy scheme is a government policy which gives secure tenants of councils and some housing associations the legal right to buy, at discount, the home they are living in. There is also a Right to Acquire for assured tenants of housing association homes built with public subsidy after 1997, at a smaller discount. Individual local authorities have always had the ability to sell council houses to their tenants, but until the early 1970s such sales were extremely rare. The current Right to Buy scheme helps eligible council and housing association tenants in England to buy their home with a discount of up to £77,900 (£103,900 in London).

In March 2012 the government announced changes to the Right to Buy scheme called “Reinvigorating Right to Buy and One for One Replacement” which took effect in April 2012. However, the policy has not delivered the anticipated replacements. The government has now also pledged to extend the principles of the local authority Right to Buy scheme to housing association tenants.

Proposed Housing Bill

The government is bringing forward a new Housing Bill.

“The purpose of the Bill is to:

- *help give more hard-working people the chance to own their own home*
- *increase housing supply and access to home ownership*

The main elements of the Bill are:

- *to enable the extension of Right to Buy levels of discount to housing association tenants*
- *to require local authorities to dispose of high-value vacant council houses which would help fund the Right to Buy extension discounts and the building of more affordable homes in the area*
- *to provide the necessary statutory framework to support the delivery of Starter Homes*
- *to take forward the Right to Build, requiring local planning authorities to support custom and self-builders registered in their area in identifying suitable plots of land to build or commission their own home*
- *to introduce a statutory register for brownfield land, to help achieve the target of getting Local Development Orders in place on 90% of suitable brownfield sites by 2020*
- *to simplify and speed up the neighbourhood planning system, to support communities that seek to meet local housing and other development needs through neighbourhood planning*
- *to give effect to other changes to housing and planning legislation that would support housing growth”*

Summer Budget - housing announcements

Rent reductions - The Summer Budget set out the government's plans to require councils and housing associations to cut rents by one percent a year for four years from 2016/17. The government has already published a Welfare Bill to introduce these changes. The council's Housing Revenue Account (HRA) business plan will be hit hard by these rent cuts announced in the Budget together with the impact of the benefit cuts on the ability of many tenants to pay their rent. In April 2012, the government introduced the discipline of self-financing within the HRA to enable the council to take local funding decisions around its council housing stock, and set its own rent levels determined by local conditions. At that time the government required the council to borrow over £30m to pay to the government as part of this new financial settlement. The council will now need to plan for significantly reduced rental income with government taking control again over the levels of rent set for the foreseeable future, and imposing rent reductions.

Right to buy for housing association tenants -The government is now looking to extend the format of the Right to Buy for local authority tenants to all Housing Association tenants. The government is proposing to require local authorities to sell their most expensive properties as they become vacant to compensate housing associations for the discounts.

Pay to stay - The government is planning that tenant households earning more than £30,000 (£40,000 in London) will be required to pay market or near-market rents through the introduction of a compulsory national Pay to Stay scheme. Councils will be required to pay the additional revenue to central government, while housing associations will be able to invest it in new homes.

The government has announced a series of proposals over the last few months which will be extremely challenging and potentially have significant impact on the council's ability to meet local housing demand for affordable and social housing within the district. Officers will be working up the detail of the local impacts over the coming weeks and months as more details are announced by government.

Section 151 Officer Comments

The Section 151 Officer has been consulted and has no further comments.

Monitoring Officer Comments

The Monitoring Officer has been consulted and has no further comments.