

to: righttobuy.consultation@communities.gov.uk

Thank you for the opportunity to respond to this consultation. Please see below our response on behalf of Wandsworth Council. As a stock holding Local Authority with over 33,000 tenanted and leasehold stock, we look forward to the outcome of the consultation.

For any queries or follow up questions, please get in touch with Wandsworth's Housing and Regeneration department through michael.liu@richmondandwandsworth.gov.uk or 02088715314

Regards,
Wandsworth Council

Overall position statement: Wandsworth Borough Council

As with other inner London local authorities, Wandsworth have historically been most impacted by the loss of their social housing stock through Right to Buy. An outcome of being one of the first Local Authorities to introduce Right to Buy is that we have seen a significant reduction and change to the profile of our housing stock. For example, over half of our properties are now managed as leasehold properties with a considerable volume of homes resold at market prices or lost to the private rented sector. Reducing the availability of our social housing properties has had the consequential effect of four decades of increasing housing waiting lists and increasing the reliance and spend on temporary accommodation which is manifesting as one of the biggest budgetary pressure the Council is facing.

Replacing Right to Buy with a more sustainable and longer-term solution that would benefit existing residents and the generations after them would be the preferred model. However, we will generally agree with the Government's direction of travel and the greater flexibility of using receipts to fund much needed new homes in the borough. We will continue to meet the housing needs and aspirations of our residents, including those who have been priced out of the London property market, through our housing offer such as House Purchase Grants for those considering home ownership or through the longer-term certainty of secure tenancies.

Question 1

How long do you think someone should be required to be a secure tenant before qualifying for the Right to Buy?

- **5 years**
- **10 years**
- **More than 10 years**

Question 1 response

More than 10 years

The council agrees that someone should be required to be a secure tenant for more than 10 years before qualifying for the right to buy. This is in line with the Local Government [Association's position statement](#) on right to buy.

Wandsworth RTB sales for reference:

	2022-2023	2023-2024
<i>Right to buy sales</i>	67	26
<i>Right to buy receipts</i>	£15.681m	£6.610m
<i>Replacements of right to buy sales</i>	82	4
<i>Average discount given</i>	£110,949	£112,771
<i>Average tenancy length of right to buy purchasers</i>	8 years	7 years

Question 2

Should someone be prevented from exercising the Right to Buy if they have already benefitted from the Right to Buy or if they own another property?

- **Yes**
- **No**
- **Don't know**

Response

Yes

Yes, the Council believes that individuals who have benefitted from the Right to Buy in the past or who own another property should be prevented from exercising the Right to Buy. This will allow our housing stock to be used appropriately and will ensure that the Right to Buy policy is targeted to those it is intended for.

Question 3

Do you have any other views on criteria to determine eligibility for the Right to Buy? [free text box]

Response

The Council seeks clarity on the eligibility criteria as set out in the consultation. The consultation proposals are unclear if 'living at property' means as a tenant or as a household member? Current eligibility rules are for tenants only, although there are challenges if for example, the tenant dies during the application process and a claim is made by the estate. This is to avoid situations where a new tenant succeeds a tenancy that is of a qualifying length and therefore is immediately eligible for the Right to Buy through occupancy criteria – in addition, using occupancy criteria alone will make it administratively difficult to prove over 10 years of continuously living at the property.

Question 4

What level should the percentage discount for an eligible tenant start at and what level should the maximum percentage discount be?

Minimum percentage

- 0%
- 1%
- 3%
- 5%

Maximum percentage

- 5%
- 10%
- 15%
- 20%

Response

Minimum percentage 1%
Maximum percentage 5%

We agree that the London maximum cap should be 5% of the current property price. This would be in line with the current maximum cash discount. However, we would again highlight the recommendations from the Local Government Association's position statement on Right to Buy, where the size and maximum cash discounts should be set locally, beyond the regional variations already in place. Local flexibility would allow councils to consider local need, supply and affordability.

Question 5

Do you agree that the same rules governing percentage discounts should apply to flats and houses, and that the discount should increase by 1% for every extra year that an individual has been a public sector tenant, up to the maximum?

- Yes
- No [Please explain]
- Don't know

Response

Yes

The Council agrees that the same rules over discounts should be applied to all types of properties. The reasons for varying discounts – to incentivise sales over one property type over another is at odds with the overall aims of this consultation. In addition, this would reduce administration time and effort and provide clarity for prospective buyers.

Question 6

Do you agree that cash caps should be retained alongside discounts capped at a percentage of the market value of the home?

- Yes
- No
- Don't know

Response

Yes

The Council agrees that the cash caps should be retained alongside a percentage discounts cap. The preferred scenario would be flexibility for each local authority to set their own caps and discounts to consider local market variations and local circumstances.

Question 7

Do you agree that the current exemptions to the Right to Buy scheme should be retained? If yes, please outline any changes that should be made to the exemptions.

- **Yes [please outline if you also think there should be changes or additions]**
- **No**
- **Don't know**

Response

Yes

Council agrees that the current exemptions to the Right to Buy scheme are appropriate and should be retained.

Question 8

Should newly built social housing be exempt from the Right to Buy? If yes, please explain why the existing cost-floor provisions are insufficient.

- **Yes [please explain]**
- **No**

Response

Yes

The current cost floor limits may not fully recover costs for both retrofit and new build properties, especially where inflation is to be considered. In the case of new build properties, the cost floor calculation excludes the value of the local authority owned land which is utilised for the build therefore understating the cost floor position. This should be included in any revision to the calculation.

The likelihood is that a like for like replacement will be more expensive than the cost floor protection. This potentially disincentivises building new properties or specific, more expensive property types. In addition, cost floor calculations are administratively burdensome and rely on multiple sources of accurate historic data.

If implemented, there may be differences in right to buy eligibility between tenants allocated to new build properties and tenants allocated to existing properties. This exists currently where local authorities allocate to housing association properties. In line with legislation, this is never considered in the criteria for an 'unsuitable offer' and guidance and regulations may reiterate this.

We would note that a tenant's eligibility for right to buy is portable, therefore a new build property is at risk from right to buy the moment an existing qualifying tenant moves in and this has been the experience of housing providers.

Question 9

If yes, how long after construction should newly built social housing be exempt from the Right to Buy?

- **10 years**
- **15 years**
- **20 years**
- **25 years**
- **30 years**
- **Permanently**

- **Other**

Response

30 years

30 years is administratively more straightforward as it aligns with the proposed cost floor period expiry, meaning that new build RTB applications will avoid a further cost floor calculation as part of the application process.

Question 10

How can council investment in retrofitting or improving homes to a high standard be protected under the Right to Buy scheme?

- **Amendments to the cost floor [please explain]**
- **Exemption for homes that have been retrofitted or improved to a high standard [please explain including length of any exemption]**
- **Other**

Response

Exemption for homes that have been retrofitted or improved to a high standard.

A full retrofit (for example raising the standard of the property from Energy Performance Certificate rating F to EPC C) costs approximately £50,000 at current prices. Costs increase exponentially if applied throughout the housing stock. Viable retrofit programmes ultimately improve tenant's circumstances and the wider environment. Therefore, barriers to this, such as a potential loss of investment, should be mitigated, for example, potentially treating the same as a new build.

Question 11

If answering on behalf of a council, would exemptions to market rent homes have a significant impact in allowing more cross-subsidy for the building of affordable housing?

- **Yes**
- **No**

Response

n/a Wandsworth do not currently cross subsidise through market rent.

Question 12

Should the time period in which the council has the right to ask on the sale of the property for repayment of all or part of the discount received be increased from 5 years to 10 years?

- **Yes**
- **No [Please explain]**
- **Don't know**

Response

Yes

The Council agrees that the time period in which the council has the right to ask on the sale of the property for repayment of all or part of the discount should be increased to 10 years.

Question 13

Do you have any other views on restrictions that might apply to a property following its sale under the Right to Buy? [Free text box]

Response

We would consider whether the issue of sub-letting can be considered, especially in areas where the right to buy purchase costs is set significantly lower than private rent or holiday let property prices. For housing providers, banning subletting will be difficult to monitor and to take action against. Consideration must also be given where people's circumstances change quickly so any restrictions may be unfair. However, rules exist in shared ownership and through their mortgage providers which limit subletting, and a similar model may be applied for Right to Buy.

Question 14

Should there be a target for all council homes sold under the Right to Buy to be replaced, as far as possible, with a home of the same size, tenure and/or location as the home sold? Please provide detail to support your answer and indicate which consideration is the most important (tenure, size or location).

- **Yes [please explain]**
- **No [please explain]**
- **Don't know**

Response

Yes

It is important to assess current need and this a requirement that should be intrinsic in all home building plans. A mandated target may be part of the assessment of need. This is especially important where larger social rent properties, which are in the most demand, are not adequately replaced. In addition, the tenure type should remain the same, as changing the tenure is not an adequate definition for one-to-one replacement.

Any target should also be balanced with the cost of providing replacement social rented homes, especially larger family homes, and consideration should be given to how additional funding could be made available through for example, combining Right to Buy receipts with grant funding (noting that this is addressed in Question 16).

Wandsworth recognises the difficulties in ensuring replacements are located in the same areas as properties sold, especially in inner London boroughs where space and costs are prohibitive. However, it is important that this remains a consideration and should be factored in when considering replacement homes

Question 15

If answering on behalf of a council, do you have any evidence to demonstrate the impact of increased flexibilities around spending of Right to Buy receipts in accelerating and boosting replacement homes? [Free text box].

Response

As the changes were only introduced in July, we have not yet conducted a detailed analysis to see what impact these flexibilities have had.

Whilst there is a shortfall, Wandsworth's replacement starts is broadly close to the volume of right to buy homes sold (538 starts and 630 sold since 2012- however this figure also includes a number of these starts that have been with GLA funding). This is attributed, in part, to the increased flexibilities on the use of receipts introduced in 2012. Additional flexibility of the use of receipts, combined with

the necessary homebuilding reform and support including planning reform, subsidy and economic certainty are key factors in local authorities meeting their local housing needs.

Question 16

Do you have any evidence to demonstrate that combining receipts with grant would accelerate and boost delivery of affordable housing and how the risk of double subsidy would be mitigated? [Free text box].

Response

The use of receipts, alongside S106 contributions and other external grant funding should be left to local decision makers and therefore the use should be fully flexible with no restrictions.

Combining receipts with grant may assist with the replacement of homes sold under Right to Buy (as covered in Question 14), especially larger family homes for social rent which are challenging from a financial viability perspective.

If the RTB amendments allow for retained receipts to be applied to cover 100% of reprovion costs there seems no logical reason why other funding sources can't be aggregated to equally cover the full cost of reprovion. This will ensure there is no revenue borrowing strain on already pressured HRA revenue accounts and may well lead to an acceleration of reprovion as affordability in revenue accounts will not be a factor.

Question 17

How long should councils have to spend their one-for-one receipts?

- 3 years**
- 5 years (current rules)**
- 8 years**
- 10 years**
- More than 10 years**
- Indefinitely**

Response

10 years

*The Council would ideally like receipts to be available indefinitely but acknowledges this might actually lead to slower reprovion as the best use of those receipts is procrastinated over. **10 years** would seem a reasonable period for Councils to formulate plans and deliver the replacement units.*

Question 18

Should unspent replacement receipts be returned to the relevant Mayoral Combined Authority as happens currently with London Boroughs and the GLA?

- Yes [please explain]**
- No [please explain]**
- Don't know**

Response

Don't know

Question 19

Should the local authority share and buy-back allowance be incorporated within replacement receipts?

- Yes**

- **No**
- **Don't know**

Response

Don't know

The Local Authority Share should remain unrestricted and be available for use for any capital purpose as was the case under the previous capital pooling rules pre 2012 when the revisions were introduced. Whilst the Council has utilised RTB 1-4-1 receipts to acquire ex-Council properties previously sold under RTB in the past it has rarely used the specific buy-back allowance allowed in the calculation. Therefore, we have no opinion on how useful it is and suggest it is removed.

Question 20

Do you agree that the total attributable debt should be calculated by multiplying the average attributable debt of each authority's housing stock?

- **Yes**
- **No**
- **Don't know**

Response

Yes.

It is an administrative burden to complete the debt supportable workbook and errors can lead to the re-opening and amendment of returns years after submission. A simplified average approach would be welcomed, suggest it is similar to the RTB Transaction Cost allowance whereby it becomes a set value per property regardless of size that is embedded within the calculation. It is important that a level of Attributable Debt is retained for the purposes of paying off self-financing debt.

Question 21

Should the requirement to return 75% of mortgage repayments that relate to pre-2012 sales be ended?

- **Yes**
- **No**
- **Don't know**

Response

Yes – to simplify administration.

Question 22

Should the Secretary of State be provided with a power to set the rules governing the use of Right to Buy receipts by general determination?

- **Yes**
- **No**
- **Don't know**

Response

Yes

To remove the administration of agreeing to the revised agreement at each amendment.

Question 23

Should Arm's Length Management Organisations (ALMOs) be permitted to use Right to Buy receipts to deliver new affordable housing?

- **Yes**
- **No**
- **Don't know**

Response

N/A

Question 24

Do you have any other views on the rules governing Right to Buy receipts that have not been covered by the questions above? [Free text box]

No

Question 25

Do you believe any of the proposals set out in this consultation document could negatively or positively impact individuals who have a protected characteristic. Please explain your rationale, and evidence your thinking where possible.

Response

No