

Scrapping the right to buy in Wales

On the 28th June 2016 First Minister Carwyn Jones announced the legislative programme for the Welsh Assembly for the next twelve months. Six pieces of legislation are proposed and the sixth is of most interest to housing practitioners. Carwyn Jones introduced the Bill in the following terms:

“Finally...., we will bring forward a Bill to abolish the right to buy and the right to acquire. We must safeguard our social housing stock in Wales and ensure it’s available to people who need it and who are unable to access accommodation through home ownership or the private rented sector. We need to build more homes, and this Government is committed to delivering an extra 20,000 affordable homes during this Assembly term, but we must also tackle the pressure on our current social housing stock. This Bill will seek to protect that stock from further reductions. The analogy I’ve used before is that it’s like trying to fill the bath up with the plug out.”

The inclusion of such legislation is unlikely to have come as a surprise to most as it was a manifesto commitment of Welsh Labour, who forms the biggest party in the Assembly. It was also a manifesto commitment of Plaid Cymru, the second largest party in the Assembly who welcomed the Bill in principle subject to consideration of its detail. .

Political thinking in Wales is however not all one way of course and Andrew Davies on behalf of the Conservatives responded to the announcement saying:

I do regret the legislative part of this programme about the right to buy. I do believe that that is one of the biggest drivers of aspirational attainment over the last 30 years: the ability to own your own home. And 138,000 people have benefited here in Wales from the ability to own their own home. You say that it’s like filling the bath with water without the plug in, but actually, if you have a housebuilding programme that actually meets the demands placed by people to acquire houses, then obviously you are going some way to actually meeting that need and meeting that demand. Successive Welsh Governments have not had a housebuilding programme to meet the requirements and the need across Wales, and that’s evident from the numbers that have come forward. But, again, I appreciate that’s an ideological difference between us, and you will bring that legislation forward and it will be scrutinised accordingly.

Although there will be opposition to the Bill given the current make up of the Assembly there is little prospect of it being defeated. At this time nobody has seen the exact detail of the Bill that will be brought forward. Carwyn Jones has confirmed that no new legislation will be brought forward in the first one hundred days of the Assembly term, so draft legislation is not anticipated until after the summer recess.

The best place to understand Welsh Government’s thinking on the need to abolish right to buy and the likely details of any legislation is the consultation paper ‘The Future of the *Right to Buy* and *Right to Acquire* A White Paper for Social Housing’ published by the Welsh Government in January 2015. The paper made clear the Government’s view that the continued loss of social housing stock was inconsistent with the Welsh Government’s ambitions to provide sufficient housing for those in need. The White Paper emphasises the Welsh Government’s view that social housing forms an important part of this ambition noting “social housing with its lower rents makes a real contribution to tackling poverty, as well as providing homes”.

The loss of social rented properties to right to buy in Wales is not substantial-in the five years before the white paper an average of 188 homes per year had been sold through right to buy and in the previous year 253 homes had been sold. This is set against holdings of approximately 223,000 social rented homes. Historically loss of housing stock has been much greater with a total of 137,000 social rented homes being sold between 1980 and 2007. However when the current losses are set against the demand for social housing which continues outstrip supply, and when the losses are considered in the context of the Welsh Government's ambition to provide 20,000 more affordable homes the Government is clear in the White Paper action needs to be taken.

The White Paper does make it clear that the Welsh Government intends to revoke all of the right to buy, the right to acquire and the right to buy retained by housing association tenants who have transferred to housing associations.

The Welsh Government already has the power to suspend the right to buy in an area on application by a local authority in that area, and that has occurred in Carmarthenshire but they concluded that this ad hoc approach was insufficient and had the potential to lead to unfairness.

The White Paper ultimately proposed two solutions to the perceived problem: a short term solution of reducing the maximum right to buy discount from £16,000 to £8,000 and a medium to long term solution of legislating to end the right to buy altogether. The reduction in the right to buy discount has already occurred.

The proposals in the White Paper were not universally welcomed by consultees with some tenants expressing concerns they were being robbed of the opportunity to purchase their homes. Some authorities raised concerns about the impact large estates where the loss of right to buy might mean working households leave with consequent negative effects on estate management. Many consultees suggested retaining the right to buy but reinvesting monies obtained. Despite those concerns consultee responses were generally positive to the Government's proposals and those proposals now look set to become law.

It is worth reflecting that the Welsh and Westminster Governments are heading in fundamentally different directions on housing policy, no doubt driven by ideological difference. The Welsh look set to abolish right to buy. This is set alongside the abolition of the housing revenue account provided for in the Housing (Wales) Act 2014 which will allow the building of further traditional social housing by those authorities which still own their own social housing. The Welsh are moving towards a system built around meeting housing needs through the provision of traditional social housing. England is moving towards a very different model of housing provision. Time will tell which direction provides most effectively for the substantial need both sides of the border from those who cannot meet the market cost of housing.