

Committee: Health and Housing Committee
Date: 6 March 2003
Agenda Item No: 4
Title: Right to Buy
Author: R H Chamberlain (01799) 510508

Summary

- 1 This report advises the committee of recent changes to the Right to Buy (RTB) regulations and outlines that the Council can apply for restrictions to be placed on follow-on sales for some rural housing stock which are sold under the RTB scheme.

Background

- 2 In January 2003, following a Government statement on Right to Buy policy, guidance on proposed changes to the scheme was received from the Office of the Deputy Prime Minister (ODPM). The document outlined two specific policy areas that can be enacted within the current legislation.

The Current Position

- 3 In view of serious pressures on their housing stock (which included high levels of ex-council houses being purchased by private companies), 42 local authorities had their RTB schemes severely restricted. The main aspect of this was to reduce the total discount to a maximum of £16,000 (down from a maximum of £38,000). Of the 42 local authorities, 30 are London Boroughs and the remaining are district councils. No Essex Authority was identified for inclusion in this revised scheme.
- 4 The guidance also outlined an amendment to an existing scheme that very rural local authorities can apply for special restriction to be placed on properties they sell under the RTB scheme in order to keep some of their former rural stock affordable. The arrangements would allow that when a property is sold it can only be sold to another individual(s) and not for example to a property company. The details would have to be agreed by the ODPM, but it is suggested that if the Council applies for a restriction, for future sales, it should cover residents or people who work in the Essex County area. Any other restriction could, it is felt, interfere with future RTB sales. To be designated for inclusion on this scheme requires that the area in question has a population ratio of no more than two per hectare and if a village/town the population can now be up to 3,000 people in total. Accordingly parts of the Uttlesford District could be included, which were excluded in the past.

The Way Forward

- 5 Without a doubt introducing such a scheme would be very difficult to monitor, however, in a limited way, it is a method of keeping some former social housing affordable for a number of years, compared to the price of most private sector housing within the district. Introduction of such a scheme is unlikely to reduce the number of sales under the scheme.
- 6 The Committee is reminded that under current Government proposals the Capital receipt from RTB's from 2004 is likely to be regarded as a national resource and the Council will only have use of a limited part of the receipt if the proposals become law.
- 7 Appended to the report is a chart showing, on a parish basis where such restriction for future sales are likely to apply. This chart has been prepared in the way required by the ODPM should an application be made.
- 8 This report plus the outcome of any decision made will also be submitted to the Scrutiny 1 Committee who have requested an update on this issue, following a discussion on the RTB procedures at the meeting held on 21 January 2003.

RECOMMENDED that the Committee makes an application to the ODPM for those parts of the District that fall into the 'Rural' category to restrict after sales of former housing stock to residents or people who work in the Essex County area in accordance with the new regulations.

Background Papers:- Right to Buy Statutory Regulations
 Guidance from ODPM January 2003

Committee: Health and Housing
Date: 6 March 2003
Agenda Item No: 5
Title: Local Authority Social Housing Grant
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Summary

- 1 This report advises the Committee of recently announced changes to the Local Authority Social Housing Grant.

Background

- 2 For a number of years the Council has relied on the use of Local Authority Social Housing Grant (LASHG) to fund, to a significant level, new social housing schemes within the district. The Housing provided is owned and managed by Registered Social Landlords (RSL's).
- 3 As the Council is debt-free all the capital housing receipts raised via the Right to Buy (RTB) scheme can be given by way of LASHG to a RSL to fund a scheme(s) in partnership. This money is then refunded to the Council by the Housing Corporation and it can then be spent on another capital project, but not another Housing scheme. This is referred to as the 'double spend' arrangement. Currently the Council spends between £1.5m - £3m a year on this programme.

The Current Position

- 4 The Council received a communication from the Office of the Deputy Prime Minister (ODPM) in mid-February informing that the LASHG system was to cease on 1 April 2003. This is at least a year earlier than expected. It has been outlined that the Government is making transition funding available for a three year period for those debt free Councils where they have an existing development programme. Priority will be given to schemes where grant approval has been given by the Housing Corporation or where contractual commitments have been entered into with a RSL. Accordingly full details of all schemes, projected in the Housing Strategy Statement have been supplied and information on the level of transitional help the Council will receive is awaited. A letter of representation on this whole issue was sent by the Leader of the Council on behalf of the Council to the Minister on 14 February 2003.
- 5 It should be noted that no announcement has been made about future use of Housing Capital receipts generated by RTB's although significant changes are expected, possibly in 2004, with a large percentage of these receipts being 'pooled' on a national basis. With this in mind extra efforts are being made to get as many of the current RTB applications completed by 31 March 2003 in

order to protect the 'double spend' arrangements for this sum of money generated. In this context £250 towards applicants' legal fees have been offered to RTB applicants if they complete the sale by 31 March 2003.

Future Arrangements

- 6 It would appear that, in the future, social affordable housing in the district will be financed/provided by 'Approved Development Programme funding from the Housing Corporation (which has only produced limited funding in the past), RSL funding and the Planning process and by the use of the limited Capital receipts (by this Council) which are generated. The Council will have to decide between Social Housing or other non-housing projects how such receipts will be used in the future.
- 7 A report on this issue with all the updated information will be submitted to the Resources Committee on 20 March 2003.

RECOMMENDED that the Committee notes the report and confirms the action taken with regard to those RTB applicants who complete the transaction by 31 March 2003.

Background Papers: Letters from ODPM dated 7 February 2003
and GO EAST dated 12 February 2003