

RSN MEMBER REACTIONS TO CHANGES TO THE RIGHT TO BUY REGULATIONS: MAY 2021

1.0 INTRODUCTION

The Rural Services Network sought the reaction of RSN members directly involved with housing provision to the changes made recently by the Government to certain aspects of the Right To Buy (RTB) Regulations. These reactions are summarised in Section 3 below.

2.0 THE RSN's REVISED POLICY ASKS IN THE REVITALISING RURAL CAMPAIGN

In light of the Government's changes the RSN has revised its Chapter on the **Availability of Rural Affordable Housing** within the Revitalising Rural Campaign and the revised Asks (as at May, 2021) are set out below:

Availability of Rural Affordable Housing

Specific policy asks:

Affordable housing quotas: Government should amend its existing policy on quotas. Local planning authorities should be able to require an affordable housing contribution from development sites building fewer than 10 dwellings (i.e. those building 5 to 9 dwellings) in all rural settlements with a population under 3,000 residents – or with a population density of less than 2 persons per hectare. Furthermore, those authorities should be able to require that the affordable housing be delivered on-site. The current system, where on small sites a financial contribution is required, the actual affordable housing provided can be some distance from the original contribution site, means the affordable housing funded can be far away in a different (larger) settlement.

Since the RSN made this ask the Government has announced that it is putting aside, for now, its Planning White Paper proposal to increase the development site threshold for affordable housing from 10 dwellings to 40 or 50 dwellings. This proposal could have proved disastrous for rural areas.

Grant funding: Homes England should increase the provision in its recently announced Affordable Homes Programme from 10% to at least 13% to match last year's delivery. Even this 13% needs to be increased over the life of the CSR, given that 17% of England's population live in rural areas. The programme should offer grants at realistic levels which are realistic to ensure good design and energy efficiency, and which recognise extra building costs typical on small development sites in rural areas.

Community-led housing: The Community Housing Fund, which offers grants and supports community-led schemes, has been useful, although the fund is stretched and could be increased. A share of that fund should be allocated to projects in rural areas, such as Community Land Trusts, Co-housing schemes and Self-build projects. This would restore an original rural objective of the fund.

Exception sites: the principle of delivering low-cost housing suited to first time buyers is not disputed, especially if it meets rural needs of young families and essential workers. However, the proposed introduction of a First Homes tenure must not be at the expense of much-needed rural affordable homes for rent. Local planning authorities must, therefore, be able to set policies that require Exception Sites to deliver solely or predominantly affordable homes to rent in all smaller settlements (and not just those in ‘designated’ rural areas). Without that, landowners will inevitably be attracted to release land for more financially attractive first-time buyer homes.

Sales of affordable homes: Government should allow local authorities to retain 100% of the proceeds from Right to Buy sales (rather than the current 50%), so they can re-invest this to replenish the dwindling stock of affordable housing for rent. The local authorities also need time and the ability, where necessary, to allocate more support per unit. Lessons for rural areas must be learnt from the voluntary Right to Buy pilot scheme for housing association tenants, before any further roll out of that scheme is considered.

Related policy asks also appear in the chapter on Rural Planning.

3.0 SUMMARY OF RSN MEMBER REACTIONS

- 3.1 The Government’s intention to increase the length of time for which RTB receipts can be retained – from 3 to 5 years.** Unsurprisingly there was unanimous support for this proposal. One respondent commented (a) “The increase in time allows for greater financial planning for local authorities and reduces the risk of money being returned to the treasury and therefore not benefitting the local community by the inevitable loss of replacement housing that would result” and (b) “A higher cap will reduce the levels of borrowing required and enable local authorities to either fund the delivery of more affordable units or fund much needed social rented units as opposed to affordable rent. This is especially useful in areas where market rents are significant and 80% of a market rent is still unaffordable for low-income families”.
- 3.2 The Government’s Intention to raise the cap on the cost of a replacement affordable home (to include social and affordable rent) that can be financed by RTB receipts – from 30% to 40%.** Again, unsurprisingly there was unanimous support for this proposal.
- 3.3 We asked our members if they thought either of the above measures will lead to an increase in the number of affordable homes delivered in their area.** Over 55% of respondents said no. 22% yes and the rest were unsure.
- 3.4 We sought views on whether members would like the RSN to promote the idea of local authorities being required to report to government on 1:1 replacement in parishes of 3,000 population or less, as happens for the supply of new affordable homes.** 90% of respondents agreed that the RSN should do so. The other 10% did not thinking that it was just more work diverting activity on the ground away from actually working to provide such homes. One respondent commented “In view of the 2010/15 governments commitment to 100% replacement, and the failure to achieve this, the simplest way to tackle this would be to suspend RTB whilst building up stocks to a minimum level after which RTB replacements would be required to be built BEFORE RTB was exercised”. One respondent commented “Collecting this data would demonstrate to the Government how difficult it is to replace RTB homes sold in our rural areas”.

3.5 Finally, we said to members “The RSN currently states in the Availability of Rural Affordable Homes chapter of the Revitalising Rural Campaign that: The number of social rented homes in predominantly rural areas has reduced further with the Right to Buy scheme. By 2015 sales of local authority housing were running at 1% of that stock per year. Although the sale income generated is intended for reinvestment, in rural areas only 1 replacement home was built for every 8 homes sold (with replacements rarely in the same settlement). **Does "1 replacement home built for every 8 homes sold" ring true in your area? 33% of respondents said yes, 11% no but 56% were unsure.** One respondent commented “In rural areas we have built one home for every 18 that has been sold under the RTB. This has improved since we started our council house building programme in 2016. Since 2016 we have sold only 13 rural homes under RTB and we have built 17 new ones in rural areas”.

3.6 **Other comments from respondents.**

Respondents also commented:

(1) “Personally, I think to RTB should be stopped. It has totally depleted the council house stock and is now eating into housing association stock” (From an elected member)

(2) “I have never had any issues with councils building homes for rent and ultimate ownership. The problem is that RTB has been used as a mechanism to run down the whole public housing offer. Rental housing has been privatised leading to higher rents and public money being used to support private landlords rather than to build homes. I would have no objection to this in principle if it worked - but it does not, without the tight rent control etc as seen in other countries. A society which agrees to ration a basic commodity has a responsibility to see that it is shared out fairly”. (From an elected member)

(3) “The Government should follow Scotland and Wales and halt the RTB altogether to stop the spiralling affordable housing crisis. In Scotland, since the RTB stopped five years ago they have increased their social housing stock by 25,000 homes. In England we are only replacing 50% of the homes we lose each year through the RTB and we can only dream of actually increasing the number of social rented homes”.