

## Housing, Regeneration and Planning

### Analysis of Responses to the Future of Right to Buy in Scotland Consultation

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Right to Buy was introduced in 1980 with its current form based in the Housing (Scotland) Act 1987 and amended by the Housing (Scotland) Acts of 2001 and 2010. The policy has increased home ownership in Scotland with 65% of Scottish homes now owner-occupied. However, the right to buy has also depleted the number of homes available to rent from social landlords at a time when there is a high demand for affordable rented housing. Following a series of consultative seminars held during 2012 the Scottish Government published a written consultation paper to seek views on proposals for reforming the right to buy legislation. One hundred and sixty nine responses to the consultation were received and analysed.

### Main Findings

- Most (87%) of those providing a view considered that there should be further restrictions on the right to buy legislation.
- Of those who provided a view, the vast majority (83%) favoured ending right to buy altogether. This included 92% of Registered Social Landlords (RSLs) and 81% of local authorities.
- Should the right to buy end, 73% of respondents who commented recommended a notice period of two years or less.
- Around three-quarters (76%) of those who expressed a view considered that over the longer term the financial effect of the proposed changes on social landlords would be marginal or beneficial.
- Most (86%) of those who commented agreed with the proposal to repeal Section 69 of the Housing (Scotland) Act 1987 which allows landlords to refuse to sell homes provided for tenants of pensionable age who have special needs.
- Amongst the other right to buy issues which respondents considered should be tackled, the most common were: family members other than the tenant financing the purchase of the property for future financial gain; ensuring standards of maintenance and repair are kept up in mixed tenure blocks; and simplifying eligibility criteria for right to buy should the policy continue.
- Groups identified as most likely to gain from the proposed reforms were, in the main, prospective tenants for whom more stock should be available to rent. Those seen as being negatively affected included tenants who aspire to buy their home but currently do not have the resources to do so; and people with disability or other special needs who have less opportunity than others to purchase outwith the social rented market.
- The main positive business impacts of the proposed changes were viewed as increasing the viability of social landlords; enabling the delivery of business aims; and easing the ability to borrow. Few negative impacts were identified. Those mentioned included: a possible increase in demand for transfer requests; losses in professional posts due to reduced need to value properties; and the need to review business plans to accommodate the changes.

## Background

Right to Buy was originally introduced in 1980 with its current form based in the Housing (Scotland) Act 1987 and amended by the Housing (Scotland) Acts of 2001 and 2010. The 2001 Act made changes which 'preserved' the entitlements of existing tenants and introduced 'modernised' entitlements for new tenancies that started on or after 30 September 2002. The 2010 Act maintained these entitlements but ended the right to buy for new tenants, those returning to the sector after a break and for new supply houses.

Since the right to buy was introduced around 455,000 properties have been bought using the scheme. The policy has been instrumental in shifting the pattern of home ownership in Scotland with 65% of Scottish homes now owner-occupied. Whilst enabling many families to become home owners and helping to create more mixed tenure communities, right to buy has also depleted the number of homes available to rent from social landlords. The Scottish Government recognises that many people want to own their homes, but it does not believe that this should be at the expense of homes in the social rented sector.

There is a high demand for affordable rented housing. The reduction in such housing available to rent has resulted in longer waiting lists.

In 'Homes Fit for the 21<sup>st</sup> Century: The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011-2020'<sup>1</sup>, the Scottish Government said that it would consult on ways to reform the preserved right to buy to make it fair for both tenants and landlords. During 2012 the Scottish Government held a series of consultative seminars with a range of stakeholders including local authorities, RSLs and tenant groups. It published a written consultation paper on 7 June 2012 and sought views by 30 August 2012 on a number of proposals for reforming the right to buy legislation.

## Overview of respondents

169 written responses to the consultation were received and analysed. 140 responses (83%) were submitted by organisations, with 29 (17%) submissions from individuals. RSLs comprised the largest respondent group, submitting 35% of all responses received. Tenant and resident groups submitted 19% of responses. Twenty six local authority responses were received.

A summary of views from the written consultation follows. The full analysis of views is provided in the main report.

## Further restrictions on right to buy

Most (87%) of those who provided a view considered that there should be further restrictions on the right to buy policy. However, around one-quarter (24%) of the 29 tenant/resident groups which responded opposed further restrictions. The main reasons for supporting further restrictions were that the demand for social housing outstrips supply and that the current legislation on right to buy has become too complex to administer.

Eighty three per cent of those who provided a view agreed with the proposal to end right to buy altogether. This included 92% of Registered Social Landlords (RSLs) and 81% of the local authorities who responded on this issue. Four out of five of the tenant/resident groups who provided a view also advocated ending right to buy. The main reason given for supporting abolition was to stem the loss of affordable houses for rent out of the social rented sector.

Of the minority (17%) of respondents with mixed views or who wished to see right to buy retained, the main rationale was that this right should not be taken away from those who held it.

Should the right to buy end, 73% of respondents who commented recommended a notice period of 2 years or less.

## Moving entitlements from 'preserved' to 'modernised' terms

If the right to buy continues, the proposal to move those with preserved entitlement onto modernised terms received a mixed response. The main reasons provided by respondents in support of this proposal were to provide a balance between enabling tenants to buy their own homes, whilst ensuring that landlords continue to receive reasonable receipts from sales; and to reduce some of the complexity which currently exists in relation to right to buy sales. Other respondents argued, however, that under this proposal the loss of social rented housing from the sector will still be unacceptable and the complexities will remain or even increase.

<sup>1</sup> [www.scotland.gov.uk/publications/2011/02/03132922/0](http://www.scotland.gov.uk/publications/2011/02/03132922/0)

Should those with preserved entitlement be moved onto modernised terms, 74% of those who provided a view stipulated a notice period of two years or less.

Given the choice of ending the right to buy policy or moving from preserved to modernised terms, 85% preferred the option of abolishing right to buy altogether. This was viewed as the best option to retain stock within the social rented sector, ending the current complexities in entitlements and promoting equality amongst tenants.

## Managing change

A recurring comment was that ending the policy may result in a surge in sales during the notice period and possibly negative reactions from some tenants and sections of the media, which will need to be managed. Some predicted possible legal challenges to the change in policy. Should a decision be made to move those on preserved entitlements to modernised terms, some respondents cautioned that this would require additional staff training and the production of clear guidance to social landlords from the Scottish Government to cope with the confusion amongst tenants which may ensue.

Whatever policy option is decided, a recurring theme across a range of respondent sectors was for timely and good quality communication about the changes between landlords and tenants.

## The financial effect on landlords

Around three-quarters (76%) of those who expressed a view considered that over the longer term the financial effect of the proposed changes on social landlords would be marginal or beneficial.

In general, it appeared that larger social landlords were amongst those most likely to rely on right to buy sales as a key source of income and were therefore most likely to encounter a negative financial impact, at least in the short term.

To minimise negative effects respondents recommended early reviews of business plans to adjust strategies and budgets to accommodate the change in policy. It was also considered that retaining the option of voluntary sales by landlords could help to offset the loss of receipts if right to buy is abolished.

## Other changes

The vast majority (86%) of those who commented agreed with the proposal to repeal Section 69 of the Housing (Scotland) Act 1987 which allows landlords to refuse to sell homes provided for tenants of pensionable age who have special needs, should Scottish Ministers authorise this. The proposal to allow landlords local discretion to decide which homes should be exempt from right to buy because they are needed for elderly tenants with special needs met with approval, with respondents agreeing that landlords have the local knowledge of their stock required to make informed decisions. However, one main objection to the proposal was that the repeal of Section 69 could lead to discrimination on the grounds of health, age or care needs.

The 2001 Housing (Scotland) Act extended the right to buy to all tenants with Scottish secure tenancies of non-charitable RSLs and those RSLs which became charities after 18 July 2001. The Act also allowed for this right to be suspended for 10 years from 30 September 2002. The proposal to impose a blanket suspension rather than requiring RSLs to apply for suspension every 10 years received a mixed response. Whilst it was felt that this would help to protect desirable social rented properties from being sold and could be an acceptable 'half-way' measure between right to buy and abolition of the right to buy, others argued that ending the right to buy altogether would be a much simpler and straightforward option.

Of the other right to buy issues which respondents thought should be tackled the following were most commonly highlighted:

- family members other than the tenant providing the finance to purchase under right to buy, possibly for future financial gain;
- ensuring standards of maintenance and repair are kept up in mixed tenure blocks;
- need to simplify the eligibility criteria for right to buy should the policy continue;
- restricting individuals to only one purchase of a social rented property and/or not allowing an individual to rent in the social rented sector if they have previously purchased under right to buy;
- and clarification of the eligibility rights on succession to and acquisition of right to buy properties.

## Assessment of equal opportunities

Groups identified as most likely to gain from the proposed reforms were prospective tenants for whom more stock should be available to rent; current and new tenants; tenants requiring maintenance to their properties in future; and tenants with special needs including those with disabilities who will have more security over their home.

Those seen as being affected negatively were existing tenants who aspire to own their home but do not have the financial ability to purchase before the policy ends; people with disability and other special needs who have less opportunity than others to purchase outwith the social rented market; professional staff who currently carry out valuations on right to buy properties; and tenants living in rural areas with limited opportunity for alternative low cost home ownership.

Many respondents recommended that to counteract many of these potential negative impacts, other options for low cost home ownership should be made available and promoted and an adequate lead

in time given before any changes are made. Several also recommended that a communication strategy is implemented to advise about the impending changes with high profile publicity given to convey the benefits of the changes.

## Business and regulatory impact assessment

Positive impacts of the policy changes on organisations were identified as being an increase in viability, enabling the delivery of business aims and easing the ability to borrow. In addition, respondents welcomed what they predicted would be a reduction in the volume of administration associated with handling applications to buy and maintaining their waiting lists. It was considered that business planning would become easier if right to buy was abolished.

Only a few negative impacts on business were identified and included a possible increase in demands for transfer requests due to more choice of property within the social rented sector; losses in professional/technical staff no longer involved in valuating properties; and the need for reviewing the business plan to accommodate changed policy.

This document, along with full research report of the project, and further information about social and policy research commissioned and published on behalf of the Scottish Government, can be viewed on the Internet at: <http://www.scotland.gov.uk/socialresearch>. If you have any further queries about social research, please contact us at [socialresearch@scotland.gsi.gov.uk](mailto:socialresearch@scotland.gsi.gov.uk) or on 0131-244 7560.

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