

WEST OXFORDSHIRE DISTRICT COUNCIL
FINANCE AND MANAGEMENT OVERVIEW & SCRUTINY COMMITTEE
WEDNESDAY 20 JULY 2016
VOLUNTARY RIGHT TO BUY
REPORT OF THE GROUP MANAGER FOR REVENUES AND HOUSING SUPPORT
(Contact: Jon Dearing, Tel: (01993) 861221)

The report is for information.

1. PURPOSE

To update Members on the new Voluntary Right to Buy scheme.

2. RECOMMENDATION

That the content of the report be noted.

3. BACKGROUND

- 3.1. In 1980 the right to buy Council owned housing stock was introduced. That right still exists and there is a 'preserved right' for those whose homes were transferred to Cottsway housing Association's management in 2001.
- 3.2. In October 2015 five Housing Associations across the country agreed to pilot a new scheme that extends the right to buy to their tenants by way of voluntary agreement by the Housing Associations, rather than the scheme being a mandatory statutory duty. One of those five pilot Associations was Sovereign Housing for their stock in West Oxfordshire.
- 3.3. Sovereign HA have now been operating their pilot scheme for almost ten months and have had take-up by only 1% of those that are eligible.
- 3.4. The Voluntary scheme for Housing Associations was legally introduced as part of the Housing and Planning Act that received Royal Assent in May 2016.
- 3.5. The scheme is available to tenants that have lived in their home for at least three years and the discounts range from 35% to 70% (dependant on how long you have occupied); but with a maximum value of £77,900. The Housing Associations are eligible for grants from the Homes and Communities Agency to cover their full discount 'losses'; although the mechanism for Housing Associations claiming this grant is not yet confirmed.
- 3.6. If the purchaser sells their home within the first year of purchase, the whole discount must be repaid. Four fifths must be repaid if they sell within the second year, three fifths in the third year, two fifths in the fourth year and one fifth in the fifth year. After five years the purchaser can sell their home without repaying any discount.
- 3.7. Not all Housing Associations that operate within West Oxfordshire have made a decision in relation to this matter; however, the only Association that has significant stock levels in the District is Cottsway HA. Cottsway are planning to operate a Voluntary scheme but have not yet developed a Policy to put before their Board and do not therefore have an anticipated start date.

- 3.8. Certain types of property will be excluded from the scheme. These include accommodation:
- Subject to section 106 restrictions (although there may be a local policy to offer an alternative property to those tenants) this includes rural exception sites for example,
 - That is designated as Sheltered housing,
 - For over 55 year olds, where extra facilities are provided for residents,
 - Where the tenants are under a court order for rent arrears; are an undischarged bankrupt or have a pending bankruptcy petition against them,
 - That is used as temporary or emergency homeless accommodation.
- 3.9. Cottsway have done some analysis on the expected take up of their planned voluntary scheme. Taking into account those that have not occupied their property for three years, those properties that are exempt (paragraph 3.8) and those that already have the 'preserved right' because they were Council tenants at the point of stock transfer; Cottsway have only 400 households that would qualify. Taking the 1% take-up rate from the current Sovereign HA pilot operating in West Oxfordshire as a guide; this could mean that take up could be as low as four households. It should be noted, however, that take-up was slow at the introduction of original 1980's scheme; but did increase over time.
- 3.10. Cottsway (as part of their Policy) intend to make a commitment to replace each house/flat that they sell under the scheme on (at least) a 1:1 basis; subject to the Council's cooperation (see paragraph 5.2). It is also their intention to commit that those new homes will be within West Oxfordshire (where the property sold was in West Oxfordshire).

4. ALTERNATIVES/OPTIONS

- 4.1. None applicable.

5. FINANCIAL IMPLICATIONS

- 5.1. There are no direct financial implications arising from the report. However, the Council still has the right to 50% of the proceeds of the sale of any Cottsway HA property. The Council has never exercised this right on ad hoc sales; preferring to allow Cottsway HA to re-invest in more homes within the District.
- 5.2. The Chair of the Cottsway Board recently wrote to the Leader of the Council to request that they be given approval to retain 100% of all receipts from sales under their Voluntary Right to Buy scheme, to enable the replacement of those homes (and support the realisation of their proposed commitment mentioned in paragraph 3.10).

6. RISKS

- 6.1. There are no risks associated with the report.

7. REASONS

- 7.1. To update on the Voluntary Right to Buy scheme and the local impact of that scheme.

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Background Papers:

None