

**(Draft) Response by Epping Forest District Council
to the Ministry of Housing Communities & Local Government
on the "Use of receipts from Right to Buy sales" Consultation Paper**

Explanatory Note:

This response was agreed as the Council's formal response – at the member level - at the meeting of the Council's Communities Select Committee held on 24th September 2018.

Question 1:

We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three year deadline for future receipts.

The Council welcomes the proposal to extend the time limit for the use of existing receipts from three years to five years, and the flexibility that this gives.

However, the Council would strongly urge the Government to apply the five year time limit to future receipts as well. Like the Government, local authorities want to utilise their RTB receipts quickly too. However, it is not always possible to have the resources available to provide the required funding for the balance of the costs – especially whilst borrowing caps are in force for housing revenue accounts (HRAs). Moreover, it is likely that the current high number of existing properties purchased off the open market will continue, in order to ensure that receipts are spent before they have to be handed to the Government.

The Council would also suggest that local authorities that have already passed RTB receipts to the Government that could not be used within 3 years, as a prudent approach to avoid paying interest, should have these RTB receipts returned if they could have been spent within the proposed 5 year period.

Question 2:

We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out in the consultation paper, and whether there are any additional circumstances where flexibility should be considered.

The Council welcomes the proposed flexibility set out in the Consultation Paper. However, it is noted that the main flexibility is in relation to the provision of homes for social rent. For its Council Housebuilding Programme, the Council has adopted the use of affordable rents, in line with the Government's previous policy that new homes could only be developed for affordable rent, and not social rent. The Council would therefore welcome the flexibility and ability for the proposed 50% cap on the use of replacement receipts to be applied to affordable rented properties too.

This would provide much-needed flexibility to councils and is likely to facilitate additional Council housebuilding, since only the remaining 50% of the cost would need to be funded from other sources, as opposed to 70% as at present. This will be particularly useful where a council is at its spending cap and does not have the ability to fund the other 70% from other sources. In such cases, less Council homes would be provided and it could also place even greater pressure on the Council's ability to spend all of its RTB receipts within the current and proposed (for new receipts) 3 year timescale.

Question 3:

We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.

The Council does not agree that restrictions should be applied to the use of RTB receipts on the acquisition of property, especially based on average build costs – since costs vary significantly within the proposed regional areas.

For example, the Council is located in the South East region, in the commuter belt around London, where acquisition, build and land costs are very high. This can be compared to other parts of the region, for example Norfolk, where the costs are so much lower.

The Council would suggest that flexibility be given to local authorities to determine for themselves whether it is the best use of their resources to purchase properties off the open market and not apply any price cap, as is the case at present.

Question 4:

We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.

The Council welcomes the proposal to allow receipts to be used for shared ownership homes, which provides local authorities with maximum flexibility to utilise receipts for the form of tenure they consider most appropriate on different sites.

Question 5A:

We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.

The Council supports this proposal, provided that local authorities are given the flexibility to transfer the land at any cost between zero cost and full market value.

Question 5B:

We would also welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.

Since the proposal to enable local authorities to transfer land at zero cost is to help increase the delivery of housing, the Council cannot see any reason for restricting this to a specific number of years. We also feel that this ability should apply to land with derelict buildings, as well as to vacant land.

Question 6:

We would welcome your views on whether there are any circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use Right to Buy receipts

Since ALMOs and housing companies are owned by local authorities that generate the RTB receipts, and often undertake new building on behalf of the local authority, the Council feels that it is appropriate for local authorities to allow such bodies to use RTB receipts.

Question 7:

We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.

The Council welcomes this proposed allowance.

Question 8:

Do you have any other comments to make on the use of Right to Buy receipts and ways to make it easier for local authorities to deliver replacement housing?

The issues that the Consultation Paper raises are the main issues on which the Council wants to comment.

Question 9:

Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.

The Council agrees that the focus of the measurement of the net increase in the supply of all social and affordable housing should be widened.

The Council agrees the proposal set out in the consultation paper that suggests that Government drops the current target and measures all the social and affordable housing that has been sold or lost against the total number of additional social and affordable housing provided - so that it is clear whether there has been an increase rather than a loss overall. This would mean that all properties sold under the Right to Buy would be included rather than just those above the baseline forecast in 2012, as well as new social housing bought or built by local authorities and housing associations, regardless of how this has been funded.