

Report of:	Head of Housing and Waste Management
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Key Decision:	No
Report Track:	HPDC - 21/10/13 Cabinet - 21/11/2013

HOUSING POLICY DEVELOPMENT COMMITTEE

21 OCTOBER 2013

REINVIGORATING THE RIGHT TO BUY

1 Purpose of Report

- 1.1 To consider a further request from the Department for Communities and Local Government (DCLG) for the Council to publicise and promote the Right to Buy policy change to tenants.

2 Recommendations

- 2.1 That the Housing Policy Development Committee consider the further request from the Department for Communities and Local Government to publicise and promote the Right to Buy policy change to tenants and recommend a course of action for consideration by Cabinet on 21 November 2013, including whether a customised article based on the DCLG's model text should be included in the next edition of the Council's "Hometalk" magazine.

3 Key Issues and Reasons for Recommendation

- 3.1 The DCLG have asked the Council to include an article in "Hometalk" to publicise and promote the Right to Buy. Any action would support a further national RTB campaign which is to be undertaken over the next 8 months.
- 3.2 The requested article is to be based on a "model text" (attached as Appendix 1) which would be customised with Cannock Chase Council information. The DCLG have also suggested that the Right to Buy logo and an eligibility quiz "can run alongside the text if space permits" and have produced an example version of the article, attached as Appendix 2.
- 3.3 The Council has a statutory duty to inform tenants of any RTB policy changes and it is considered that this was achieved through the article in the Autumn 2012 edition of Hometalk. It is therefore a matter of policy as to whether the

DCLG proposed article or an alternative is included in the next edition of Hometalk, which is scheduled for publication before Christmas.

- 3.4 The Housing Policy Development Committee are therefore asked to consider the following three options and to recommend a proposed course of action for consideration by Cabinet on 21 November 2013:-
- (i) Option One – Include an article which incorporates the DCLG model text and eligibility quiz.
 - (ii) Option Two – Include a further, smaller article prepared by the Council.
 - (iii) Option Three – Do not include any further article on the basis that tenants are already aware of the RTB policy changes through the Autumn 2012 Hometalk article.

4 Relationship to Corporate Priorities

- 4.1 The DCLG's request would make no particular contribution to the service aims which are included within the Housing Portfolio section of the agreed 2013-14 "Place" Priority Delivery Plan.

5 Report Detail

- 5.1 A key component of the Government's national housing strategy is the reinvigoration of the Right to Buy.
- 5.2 In order to achieve this objective the financial cap, which limits the amount of discount an eligible tenant can receive was increased to £75,000 throughout England (previously £26,000 for Cannock Chase) with effect from 2 April 2012. However, the discount rates and qualifying periods remain unchanged.
- 5.3 As a result tenants must have spent five years as a secure public sector tenant to qualify for the Right to Buy and once eligible receive the following discounts:-
- (i) Houses – 35% of the value plus 1% for each year beyond the five year qualifying period up to a maximum of 60%.
 - (ii) Flats – 50% of the value plus 2% for each year beyond the five year qualifying period up to a maximum of 70%.
- 5.4 The amount of discount is, however, limited by a "cost floor" to ensure that the purchase price does not fall below the cost of building or maintaining a dwelling over a 15 year period and the £75,000 discount cap as stated in paragraph 5.2.
- 5.5 Whilst Cannock Chase tenants are theoretically eligible to receive a maximum discount of £75,000, they do not receive this amount in practice as the maximum discount rates of 60% for houses and 70% for flats still apply.
- 5.6 Therefore if the maximum house rate of 60% is applied to the average sale price of £85,000 a tenant would receive a discount of £51,000 and be able to

purchase their home for £34,000. The maximum sale price for a Cannock Chase Council property over the last two years was £110,000 and if the maximum 60% discount rate was applied to this property, a £66,000 discount would be received by the tenant. However, an increase in house prices could result in tenants in the future being eligible for the maximum discount of £75,000.

- 5.7 The Government have also undertaken a national campaign to publicise and promote the Right to Buy through the national and local media. Local authorities have been requested to assist in this and Cabinet on 21 June 2012 considered a model letter which the DCLG asked all stock owning Councils to personalise and send to tenants.
- 5.8 Cabinet considered that the Council's accepted way of informing tenants about changes in housing policy was through the "Hometalk" magazine. As a result it was decided not to send the model letter but to include an article in the Autumn 2012 edition of Hometalk.
- 5.9 The Government is now undertaking a further campaign over the next 8 months which is planned to reach two million households throughout the UK. As part of this further campaign, the DCLG have provided some "model text" (attached as appendix 1) and have requested that this is customised and included in local authorities' tenants' newsletters.
- 5.10 The DCLG suggest that the Right to Buy logo and an eligibility quiz "can run alongside the text if space permits" and have produced an example version of how the resultant article could appear, although it is stressed that article should appear in the Council's "established house style". A copy of the example version is attached as Appendix 2.
- 5.11 The Council has a statutory duty to inform tenants of any RTB policy changes and it is considered that this was achieved through the article in the Autumn 2012 edition of Hometalk. It is therefore a matter of policy as to whether the DCLG proposed article or an alternative is included in the next edition of Hometalk, which is scheduled for publication before Christmas.
- 5.12 The Housing Policy Development Committee are therefore asked to consider the following three options and to recommend a proposed course of action for consideration by Cabinet on 21 November 2013:-
 - (i) Option One – Include an article which incorporates the DCLG model text and eligibility quiz.
 - (ii) Option Two – Include a further, smaller article prepared by the Council.
 - (iii) Option Three – Do not include any further article on the basis that tenants are already aware of the RTB policy changes through the Autumn 2012 Hometalk article.
- 5.13 As a result of the Government's RTB policy change and promotional campaign there has been an increase in the number of Cannock Chase RTB sales, which rose from 11 in 2011-12 to 18 in 2012-13. There were a further 12 RTB sales

during the period 1 April to 30 September 2013 and it is now estimated that these will total 20 during 2013-14.

- 5.14 It is also the Government's aim to replace every additional home sold under the RTB with a replacement rented property. This is, however, a national target for England as a whole and the Government accept that "one for one replacement" will not take place in a number of local authority areas.
- 5.15 The amount of additional RTB receipts for replacement housing are calculated in accordance with a formula prescribed by the DCLG, details of which were considered by Cabinet on 21 June 2012. This showed that RTB dwelling sales needed to total at least 25 dwellings per annum if the Council is to benefit from the potential availability of "RTB replacement receipts".

6 Implications

6.1 Financial

The cost of providing the RTB article requested by the DCLG would be met from the agreed 2013-14 budget for the publication of Hometalk.

6.2 Legal

The legal implications are set out in the report.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: DCLG RTB Model Text

Appendix 2: DCLG RTB Example Article

Previous Consideration

Reinvigorating the Right to Buy and One for One Replacement	Cabinet	2 February 2012
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Reinvigorating the Right to Buy	Cabinet	21 June 2012
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Background Papers

DCLG RTB MODEL TEXT**Want to make your home your own? Bigger discounts under the Right to Buy Scheme could make a real difference.**

Since the top Right to Buy discount was increased last year, **[insert number]** more tenants in **[name of LA]** have bought their homes. Have you looked into the discounts yet and found out whether you are eligible?

If you've been a tenant for 5 years or more, under Right to Buy you could get up to **60% off the price of your house, or 70% off your flat**. This could mean tens of thousands of pounds off the purchase price, up to a maximum discount of £75,000.

Your home could be an asset and an investment for years to come, for you and your family – giving you the security that home ownership can bring. And the money raised through extra sales is going straight towards building new, affordable homes.

Remember, buying is a big decision, and you should always get financial and legal advice before deciding whether it's the right choice for you.

We're here to help.

If you'd like more information about buying and whether you are eligible for a large discount, simply visit our website or **[phone our helpline – if applicable]** below where one of our team will be able to help you.

If you've already started the Right to Buy process and need help, get in touch and we'll point you in the right direction.

[Insert your council name here]

[Insert Council helpline details here]

[Insert Council website address here]

DCLG RTB EXAMPLE ARTICLE

Want to make Your home your own?



If you can
answer 'yes'
to the following
statements...

I am a council
tenant (or) I was
a council tenant
when my home
was sold to my
current landlord



I have been
a tenant
for at least
5 years



I don't live in
sheltered housing
or other housing
particularly suitable
for elderly or
disabled people



...you could
be eligible
for a discount
of up to
£75,000

Bigger discounts under the Right to Buy Scheme could make a real difference.

Since the top Right to Buy discount was increased last year, thousands more tenants have bought their homes. Have you looked into the discounts yet and found out whether you are eligible?

If you've been a tenant for 5 years or more, under Right to Buy you could get up to **60% off the price of your house, or 70% off your flat**. This could mean tens of thousands of pounds off the purchase price, up to a maximum discount of £75,000.

Your home could be an asset and an investment for years to come, for you and your family – giving you the security that home ownership can bring. And the money raised through extra sales is going straight towards building new, affordable homes.

Remember, buying is a big decision, and you should always get financial and legal advice before deciding whether it's the right choice for you.

We're here to help

The Government is working with councils and organisations like the Money Advice Service to help guide you through the process of buying your home.

If you'd like more information about buying and whether you are eligible for a large discount, simply visit our website or phone our helpline below where one of our team will be able to help you.

If you've already started the Right to Buy process and need help, get in touch and we'll point you in the right direction.

Right to Buy Helpline:
0300 123 0913

[www.communities.gov.uk/
yourrighttobuy](http://www.communities.gov.uk/yourrighttobuy)

