



Shelter Scotland's response to the Future of Right to Buy in Scotland

Introduction

Shelter Scotland welcomes the publication of this consultation and the opportunity to respond. Shelter Scotland would like to congratulate the Scottish Government on its analysis of the existing legislation and opportunities for change. The consultation paper is clearly drafted, identifies the key issues and helpfully sets out relevant supporting evidence which informs these issues.

Our views on the specific questions raised in the consultation are set out below using the question numbers set out in the document:

Consultation Questions

Section 3 – The need for more changes

1. We agree that further restrictions in the right to buy are required. As the consultation paper points out there is a clear shortage of affordable, rented housing in Scotland as evidenced by the waiting lists for socially rented housing. The right to buy benefits those who are able to buy their homes at the expense of those waiting for a house and the public purse which has funded the housing. The current legislation on the right to buy is complex and confusing and there is a strong case for rationalisation and simplification. Shelter Scotland has consistently supported reform of the right to buy and set out a comprehensive set of proposals for consideration by the Scottish Government in its previous consultation on the legislation that became the Housing (Scotland) Act 2010. We are pleased to note that some of these ideas are now under active consideration.
2. We would favour complete abolition of the right to buy as the simplest option which, as the Scottish Government figures demonstrate, will do most to protect the existing social rented housing stock.
3. Given that the necessary legislation will be set out in a Bill going through all the relevant parliamentary stages with attendant publicity, we think that abolition should take effect from the date of commencement which might be, say, 6 months after the provisions are approved by Parliament. In the circumstances, there is no need for a longer period.

4. If the Scottish Government decides not to progress total abolition, then we would favour the alternative proposal to move all those with a preserved entitlement to modernised terms. Although this would still allow for most tenants to buy their houses if they so wished, it would create a better balance between the benefits to the purchaser and the receipt for the landlord – and, in turn, households on waiting lists and those who are homeless.
5. See our comments in para 3 above which are equally applicable to this option.
6. We prefer total abolition since the Scottish Government estimates indicate that this would retain 10,000 houses that might otherwise be sold in the period 2015 to 2020 compared to only 5,000 with a move to a preserved right to buy. Abolition would be cleaner and simpler and it would send out a clear signal that a policy designed for the 1970s has little place in the Scottish housing landscape now.
7. If the Scottish Government opts for a shift to modernised terms for all tenants, then there will be issues relating to the treatment of RSL houses currently excluded as a result of the 10 year suspension. This is discussed in section 5 of the consultation paper and we have set out our views below. Any change in existing terms leads to the possibility of “stampede” – as the deadline for change approaches. However, experience in England where there have been changes to existing terms suggests that the additional demand to purchase is modest and certainly outweighed by the benefits of change. It is possible that some less-than-scrupulous commercial companies will try to persuade people to “buy before it is too late” – landlords should seek to counter this with information to tenants to seek advice before deciding to purchase. In our view, there are no ECHR issues that arise under either option given the strong public interest in changing this legislation.

Section 4 - The financial effect on landlords

8. We agree with the summary conclusion in para 4.5 of the consultation paper that “either of the proposed changes would provide improved ability for landlords to manage their assets and provide a financial incentive to build new homes.” We agree, in particular, that either change would provide a more predictable revenue stream, giving landlords greater confidence to borrow over the long term.
9. If landlords are relying on sales to finance vital improvements in the existing stock, they should be given advice by the Housing Regulator on more sustainable alternatives.

Section 5 - Other Changes

10. In the event of the Scottish Government opting to keep the right to buy and move all tenants on to modernised terms, we would be in favour of repealing section 69 of the 1987 Act and replacing this with a discretionary power that would allow landlords to refuse the right to buy if they considered that the sale would limit their future ability to provide satisfactory housing for older and disabled persons. The precise wording will be important here as the power to refuse should not be restricted to specific types of housing such as sheltered and “amenity” housing for the reasons set out in paragraph 5.2 of the consultation

document. Given the demographic projections for Scotland over the next few decades, it is vitally important that relevant housing is protected for prospective future older and disabled households with limited resources.

11. The 10 year suspension for certain RSL houses should be rolled forward and, in effect, made permanent. The relevant houses are amongst the most desirable remaining in the social rented sector after 30 years of right to buy sales and protection is required whatever policy decision is made on the 2 main options. Houses built after September 2002 should be included in the new arrangements. In general, we favour the proposal in para 5.5 to put in place a blanket suspension for all RSLs for relevant houses. If RSLs are to have the discretion to sell (as proposed) then this should be subject to approval by Scottish Ministers following submission of a value for money case.
12. We have no other right to buy issues to raise given our preferred option.

Section 6 Assessment of equal opportunities

13. The key issue here is that abolition of the right to buy would help to safeguard housing for the more disadvantaged members of society who often rely on social rented housing. This would include many single parent households and families generally on low incomes plus many older and disabled households. It would also include homeless persons who invariably rely on social rented housing to meet their housing needs. Households in these categories would, therefore, be potentially disadvantaged by a continuation of the current policy. Even if the right to buy allows households with relatively low incomes to buy their houses, they are still faced with a continuing need to fund repair and maintenance and, over time, to undertake improvements. In practice, the right to buy has benefitted households who wish to build up equity before moving on (as noted on page 23 of the consultation document) and, as a result, the house is sold to those who can afford the full market price.
14. The Scottish Government should implement the proposal for abolition of the right to buy.
15. The partial Equalities Impact Assessment is a very comprehensive analysis of the current position. In our view, not all of the analysis is directly relevant to the policy issue at hand which should focus on the issues discussed in our response to question 13 above.
16. There are no business implications for Shelter Scotland.
17. We endorse the comments and arguments in the partial Business and Regulatory Impact Assessment.

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