

To Swindon Borough Council
Conservative Group
Labour Group
Liberal Democrat Group

Dear Councillors

Reference Housing Bill: extension of 'right to buy'

We are writing to you in relation to the government's Housing Bill which includes the extension of the 'right to buy' to Housing Associations. In our opinion, one shared by most organisations in the housing sector, this Bill will exacerbate the housing crisis in the town as well as the country generally. Here are the reasons why this Bill should be opposed.

1) Housing Associations.

- How can a government of a party that purports to defend the sanctity of private property propose to force private organisations to sell *their own* property and at a big discount? (See Appendix below: Housing Minister Krys Hopkins explaining in 2013 why the coalition government could not extend RTB to Housing Associations) These are independent business (despite their charity status). Imagine if another political party had proposed to introduce 'right to buy' in the private sector, forcing owners to sell their properties to their sitting tenants . It would have been denounced as 'class war' or some-such.
- The sale of stock will undermine the financial situation of these organisations. Having borrowed on the open market their borrowing arrangements were based on an assessment of the value of their stock and the revenue stream from their rental income. This proposal will not only destabilise their finances but is likely to undermine their ability to build new homes. That means that there will be fewer HA homes available for people on the Council waiting lists than expected.
- The government says that those properties sold by Housing Associations will be replaced on a 'one for one' basis. We don't know to what degree HA's will be compensated for the difference between the receipt for a sale and the market value, but even if it were possible for HA's to build a replacement that will, of course, be at the expense of losing Council stock to subsidise the sale of each HA home. Instead of doubling the housing stock as Minister Greg Clark suggests it would be, as Shelter describes it, "losing two affordable homes for the price of one". It will mean losing at least one 'social home' for every one sold.

2) Swindon's Council Housing.

- The extension of 'right to buy' to HA's is going to be funded by forcing Councils to sell 'high value' stock (as we understand, the top 30% by value in each locality) when homes become vacant. This is an extraordinary proposal. What is the rationale of selling Council stock to subsidise the give-away of stock of private organisations? Whilst we have yet to see the detail of the proposals it appears that

the sale of Council stock on the open market is supposed to fund the compensation to HA's for the difference between the receipt they will receive from each sale and the value of their home. At the same time the money from the sale of the Council home will also have to support a new fund for building on brownfield sites. It is not clear as yet, whether it will also be supposed to support the replacement of the Council home to build a replacement for the Council. What is patently obvious is that the receipt from the sale of a Council home cannot possibly support all this. Talk of the 'one for one replacement' is therefore even less plausible than the government's commitment when they introduced the enhanced RTB scheme in 2012.

- The proposal to force us to sell our 'high value' stock will undermine the 30 year 'business plan' which was based on an assessment of the level of RTB sales which obviously did not include this proposal. We will have less money to maintain stock than the 'business plan' estimated.
- Selling off the 'high value' homes will inevitably mean selling off larger family homes. Bearing in mind one of the purposes of the 'bedroom tax' was supposed to be to free up family size homes this will mean there will be fewer of these available.
- The introduction of 'self-financing' in 2012 included a 'debt settlement' which was based on a revenue stream which will now be less than expected if the current Bill is passed by the House of Commons. This will undermine the financial stability of the Housing Revenue Account.
- It is ironic that a government which professes to support 'localism' is proposing to use another central government diktat to force Councils to sell housing which is desperately needed.

For these reasons **we are calling on you to oppose this Bill** which will exacerbate the housing crisis. If Swindon Council supports this Bill it will accept the loss of its own housing stock and share the responsibility for the worsening of the Housing crisis together with central government. There will be a big human price to pay for a policy described in the Daily Telegraph as “economically illiterate and immoral”.

Yours sincerely

Martin Wicks
Secretary, Swindon Tenants Campaign Group

June 2nd 2015

Appendix

In 2013 Housing Minister Kryss Hopkins explained in a letter to a Lib Dem MP why the coalition could not support extending RTB to Housing Associations.

“Unlike local authorities, housing associations are independent, not for profit voluntary bodies and if they are obliged to consistently sell off their stock at less than market value they might find it difficult to borrow which could impact adversely on their repair and maintenance programmes and and affect the future provision of affordable housing.

The government does not consider that it would be reasonable to require housing associations to sell these properties at a discount. Any increase to the discount available under the Right to Acquire would only be possible through upfront central government subsidy, potentially incurring a high liability for the public purse.”