

## **Council homes sold under Right To Buy are not being replaced**

In March of last year, Gavin Barwell, then the Conservative Housing Minister said that RTB only has any “political justification” if homes sold are replaced by new homes built. However, he did nothing to remedy the fact that they are not being replaced. Now the housing industry publication *Inside Housing* has examined government statistics in relation to RTB sales and replacement homes. They found that only around a quarter of homes sold under RTB are being replaced. The magazine has a list of RTB sales and replacements in local authority areas.

In the case of Swindon the figures show that 333 homes have been sold since 2010 but only 72 replacements have been built or bought using RTB receipts. (The council is buying ex-council homes which were sold off on the cheap but paying market prices.)

The new Housing Minister Dominic Raab in a recent statement criticised councils for not building enough replacements. However, they can't replace them when the government denies them the resources needed to build new homes. As a result of government policy

- Councils are only allowed to keep around 50% of the receipts from sales, and
- A crass bureaucratic rule restricts councils to using RTB receipts to cover only 30% of the cost of any replacement home. This means that the other 70% either has to be covered from the resources of the Housing Revenue Account or by taking on more debt. Extra debt eats up HRA income which is needed for the maintenance and renewal of existing homes.
- Councils are losing more rent as a result of RTB sales than was planned for when the government imposed extra debt as part of the 2012 'debt settlement' when a new council housing finance system was introduced. The amount of debt allocated was based on an estimate of annual sales which pre-dated the 'enhanced RTB'. Bigger discounts have led to a fourfold increase in RTB sales (see Table blow).

STCG Secretary Martin Wicks said:

“RTB has been a disaster. It has created a massive shortage of council homes which forces people who can't afford a mortgage into the private rented sector, which has much higher rents, sometimes extortionate. The private sector also has the highest level of non-decent homes.

We believe that RTB should be ended. We need more council homes. Even if all homes sold were replaced, there are only 1.6 million council homes left in England. We need to increase the number significantly.

The number of replacement homes which have been built or bought is in fact *less than the 22,800 council homes which have been demolished since 2010.*

Of course, the Tories are never likely to agree to end RTB since they have an ideological commitment to it. They worship at the shrine of home ownership. Yet they could at least listen to their own members in the Local Government Association who are calling for councils to be allowed to keep 100% of receipts and to end the 30% limit on use of receipts. This at least would ease the financial pressure council HRAs are under.

Swindon has around 200 less council properties than in 2011. Even if it wanted to replace each home sold under RTB it does not have the resources to do so.

Ultimately, the only way to resolve this shortage is to stop RTB and fund a large scale council house building programme. Without that there is no way that sufficient homes with genuinely affordable rent will be built.

Even the Tory Leader of the LGA, Lord Porter, recently said that there is no way that private builders will *ever* build the homes that are needed. He reminded the government that the last time 300,000 homes were built in one year more than 40% of them were council homes. "That's what we need to get back to," he said. That would mean building more than 100,000 council homes a year."

### **Notes**

- There has been a decline in the number of council homes in England of 208,000 since 2010.
- Up to the third quarter of 2017-18 there have been 69,003 RTB sales since 2010.
- Since 2012 when the 'enhanced RTB' was introduced there have been 14,275 starts or acquisitions by local authorities using RTB receipts, compared with the loss of 63,507 homes to RTB. The number of starts and acquisitions increases to 15,981 when you include RTB receipts which have been recycled by Homes England and the Greater London Authority. These are receipts that local authorities have to hand back to the government after three years if they cannot use them to build replacement homes, This is usually because they have insufficient resources to cover the 70% extra funding required to build replacements.
- When the enhanced RTB was introduced the government did not make it clear that the commitment of 'one for one replacement' did not apply to *all* RTB sales, but only the 'additional sales' resulting from the increased discounts. In other words the 'additional sales' are the difference between the numbers being sold prior to the enhanced RTB and those sold after. In Swindon 45 homes were sold in the 4 years before the 'enhanced RTB'. In the first four years after it was introduced 216 were sold.

### **Council Right to Buy Sales and Demolitions, England**

Year	Sales	Demolitions	Total
2010-11	2,758	4,580	7,338
2011-12	2,638	2,720	5,358
<b>'Enhanced RTB' introduced.</b>			
2012-13	5,944	1,870	7,818
2013-14	11,261	4,360	15,621
2014-15	12,304	3,040	15,344
2015-16	12,246	3,730	15,976
2016-17	13,416	2,500	15,916
2017-18 *	8,336	Not available	
Total	69,003	22,800	

\*First 3 quarters of the year