

Lord Forsyth of Drumlean
Chairman of the Economic Affairs Committee
Economic Affairs Committee
Committee Office
House of Lords
London SW1A 0PW

14 February 2020

Local Government Association

Dear Lord Forsyth,

Thank you for the opportunity to give evidence to your Committee on the UK housing market. In addition to the evidence we provided at the session, I wanted to follow-up with some additional information on the reforms we believe are needed to Right to Buy and our position on the recently launched First Homes Consultation.

Right to Buy

Council housebuilding and reform to Right to Buy are both critical to boosting the supply of new homes, providing good quality homes to rent, reducing homelessness and tackling the housing waiting lists many councils have.

Councils are uniquely placed to deliver more new homes than the country has seen in a generation. A year ago, following a long campaign by the by the Local Government Association (LGA) and others, the Housing Revenue Account (HRA) borrowing cap was removed. Since then, 94 per cent of housing stock-owning councils who responded to an LGA survey have said they will use the new powers to increase their housebuilding programmes to build the homes that their communities desperately need.ⁱ

With more than one million households on council waiting lists, and now more than 86,000 households in temporary accommodation, it is more important than ever that councils have all the powers at their disposal to enable them to be part of the solution and build even more homes for future generations.ⁱⁱ

In particular, to ensure people have the right access to a mix of housing, councils must be able to retain 100 per cent of Right to Buy receipts and be given the flexibility to set discounts locally in order to invest in new and existing stock. Right to Buy has helped many families get on the housing ladder. However, councils are only able to use a third of each retained Right to Buy receipt to build a replacement home. As a result, councils have only been able to replace around a quarter of the 79,119 homes sold through the scheme between 2012/13 and 2018/19.ⁱⁱⁱ

Research for the LGA suggested that varying the 30:70 funding mix/matching principle to 40:60 or 50:50 on a flexible, authority-by-authority basis, has the potential to increase replacement supply by 10 per cent. The number of authorities that could benefit from a change to either 40:60 or 50:50 is estimated to be 61 over a 5-year period, around 40 per cent of all authorities.^{iv}

First Homes Consultation

Councils support measures to enable home ownership. It is important that this does not come at the expense of providing truly affordable homes for rent.

Not everybody is ready to buy a home, and we will be making the case in response to the recently published First Homes consultation that local areas will need discretion on the number of First Homes required in new developments. This will allow councils to ensure a mix of homes – to rent and buy – are available and affordable to people that need them.

Should you have further queries about the information provided or if you would like to arrange a meeting to discuss the issues in more detail, please contact Alexander Saul (Alexander.Saul@local.gov.uk) in Member Services.

Yours sincerely

Cllr David Renard
Chairman of the LGA's Environment, Economy, Housing and Transport Board

ⁱ <https://www.local.gov.uk/about/news/lga-survey-councils-use-borrowing-powers-accelerate-homebuilding-programmes>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/852920/StatHomeless_201906.xlsx (See tab TA1 - 1998Q1-2019Q2)

ⁱⁱⁱ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales>

^{iv} <https://www.local.gov.uk/sustainability-right-buy>