



Eamon McGoldrick

The changes to Right to Buy gives councils the opportunity to push for a better deal, says *Eamon McGoldrick*

Re-designing the Right to Buy

12 May 2016 8:02 am | By [Eamon McGoldrick](#)

The introduction of the [Right to Buy](#) (RTB) in 1980, was a game-changer. Over the last 35 years, 2.5 million council homes have been sold and this has contributed to a massive reduction in the number of homes in local authority ownership across the UK.

However, the RTB scheme is changing.

First, access to the scheme depends on where you live. The statutory RTB is on the way out in Scotland and Wales, where their elected assemblies have voted to scrap the policy. English politicians do not have the stomach to do the same. Even though the last Labour government tinkered with the discounts levels, it did not consider scrapping the scheme. Labour Party veteran Alan Johnson, was quoted as saying that getting rid of the RTB could be seen as an attack on aspiration and could turn off voters.

After the coalition government was elected in 2010, the scheme was 're-invigorated', including new freedoms on who could be named on the purchase documents and higher index-linked discount levels. Since April 2012, a further 60,000 homes have been sold.



RTB has changed council estates

The second big change is the emergence of the voluntary RTB scheme following the deal struck between the National Housing Federation (NHF) and government. The government wants to make homeownership an option for up to 1.3 million housing association tenants, but the deal inevitably means that a very different RTB scheme will emerge. I have been involved in some joint working with the NHF and everyone involved in the current pilots is to be congratulated for their efforts to design a voluntary scheme which meets the governments aspirations, but protects housing associations from the heavy hand of legislation. This is a significant challenge when you consider how housing associations vary in terms of size, purpose and geographical spread. The pilots are also dealing with the implementation of complex issues such as portable discounts, which do not feature in the statutory scheme.

There are many benefits in the NHF and council trade bodies working together on RTB. First, councils have been processing RTB applications for over three decades and they have a wealth of experience on issues such as tackling fraud and money laundering which are inevitable challenges when there are discounts of £100,000 on the table. Secondly, councils and arm's-length management organisations (ALMOs) may be able to offer RTB processing services to housing associations to save them having to set up new teams, when they are trying to drive down efficiencies across their organisations. Thirdly, I am hoping that the National Federation of ALMOs (NFA), Association of Retained Council Housing (ARCH) and the Local Government Association (LGA) will be able to lobby government for changes to the statutory scheme to bring it into line with the final agreed voluntary scheme.

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The pilots are currently working through a number of features that councils would love to see made available to them. Let's start with an administration fee. Under the pilots, applicants are charged an admin fee of £250, which can be deducted from the final sale price. This will clearly deter speculative applications and help pay for the significant costs of abortive sales. Councils have never been able to recover any costs in this way and get no

recompense for the huge amounts of time and effort wasted on applications which are often going nowhere from day one.

Council tenants currently only have to wait three years to qualify to buy their homes. The pilots are looking at a minimum of 10 years, which again would help councils retain stock. It would also reduce levels of fraudulent housing applications and ensure that tenants have more time to prepare for the responsibilities of homeownership.

Finally, the voluntary scheme may also offer housing association landlords freedom to exempt certain property types or homes in a certain geographical area. If councils want to exempt any homes under the statutory scheme they need secretary of state approval, which is very rarely granted.

The government has argued that tenants of social landlords should have equal opportunity to buy their homes. In turn, councils can be forgiven for asking for equality in implementation of the RTB, irrespective of whether or not it is statutory or voluntary. I am not hopeful this will happen, but it is worth lobbying for.

Eamon McGoldrick, managing director, National Federation of ALMOs