

1 October 2015

Rt Hon Greg Clark MP
Secretary of State for Communities & Local Government
Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF

Dear Secretary of State,

We have read with interest reports in the media of the negotiations between Government and the National Housing Federation on a voluntary agreement to extend the Right to Buy to housing association tenants – details of which we understand are being put to housing associations this week prior to submission of a formal offer to Government.

We gather that, under the deal, the Government would compensate housing associations in full for the cost of RTB discounts offered to the tenant and housing associations would, in return, retain the full discounted sales receipt to enable them to reinvest in the delivery of new homes. We also understand that under the deal the Government will put in place arrangements to manage the financial costs of the policy to ensure that the cost of sales does not exceed the value of receipts received from the sale of high value council assets.

The agreement being put to housing associations also commits the Government to implement deregulatory measures to, for example, enable associations to convert properties from social or affordable rent into other forms of tenure and to review whether local authority Section 106 and LSVT agreements may be too restrictive in this regard. We also understand that, under the deal, housing associations are seeking greater control over who they house through local authority allocation policies and associated nomination arrangements. These are all matters that impact on local authorities and in which local councils have legitimate interests as strategic housing authorities.

The Prime Minister in announcing the extension of the Right to Buy to housing association tenants at the launch of the Conservative Party Manifesto said that a Conservative Government would legislate to require local authorities to manage their housing assets more efficiently by requiring them to sell off high value properties to fund the extension of the Right to Buy and in doing so promised to consult on the high value threshold caps and whether to cap expensive properties by region or by smaller housing market areas.

However stock retained councils have thus far been excluded from discussions that have apparently taken place to date between the Government and the housing association movement on this deal. Yet, under the deal, stock retained councils are integral to the implementation of the agreement which is financially dependent on sale of high value council assets to compensate housing associations for the discount offered and the deal if agreed will impact significantly on local authority allocation policies, tenancy strategies and nomination arrangements as well as the disposal consents regime.

We welcome the commitment to one for one replacement of housing association homes sold in exchange for full re-imburement of the RTB discount and we believe that local authorities as strategic housing authorities have a legitimate interest in working with housing associations on both the location and mix of replacements (social rented, affordable rent, shared ownership and owner-occupied) that will be provided and would wish to see something to this effect included in any voluntary agreement – particularly as councils are in effect being asked to fund the replacement programme through disposal of their own housing assets. Following the principles of localism it would be wholly reasonable to include some provision for engagement by the housing association sector with local housing authorities on these issues in any final “deal”.

We are therefore asking for an early meeting with you to discuss these aspects of the deal that is being put before the housing association sector and request that the Government do not enter into any such deal with the housing association sector until stock retained councils have been fully consulted on the implications of these arrangements and the associated arrangements for the sale of high value council assets required to fund the deal.

There are clearly many issues to be addressed in the practical implementation of such a proposal and ARCH and the NFA would welcome the opportunity of discussions on how we may work constructively with the Government and housing association sector to promote the efficient asset management of both housing association and council housing without detriment to the viability of local authority Housing Business Plans developed under the self-financing arrangements introduced by the Conservative led coalition under the Localism Act 2011.

We would therefore hope that you will extend the same opportunity to the stock retained sector, as you have to the housing association sector, of discussions with you on the deal currently being put to the housing association sector.

Yours sincerely



Councillor Paul Ellis
Chairman, Association of Retained Council
Housing
Cabinet Member for Housing LB Wandsworth



Hugh Broadbent
Board Chair, National Federation of
ALMOs