



Report to Safer & Stronger Communities Scrutiny & Policy Development Committee

29th January 2015

Report of: Janet Sharpe – Interim Director of Housing Services

Subject: Right to buy update report

Author of Report: Andrew Routley – Home Ownership Team Leader
(2736338)

Summary:

The attached report is the bi-monthly update of the position right to buy position including the total sales, average selling price and previous years information.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

The Scrutiny Committee is being asked to:

The Committee is asked to note the update.

Background Papers: Not applicable

Category of Report: OPEN

Right to buy update report

1. Introduction

1.1 The following report is an update of the current position of right to buy. There are four main statistical tables showing the following information

Table 1 – Number of applications in the current year and previous 3 years comparison.

Table 2 – Number of sales in current year, the forecast for the year and the variance from the forecast. It also provides the previous 3 years sales information for comparison

Table 3 – The sales receipt generated. It also provides the previous 3 years information for comparison

Table 4 - Average sale price in current year. It also provides the previous 3 years information

1.2 The second part of the report is an update of any planned changes to right to buy legislation or issues that may affect the right to buy.

2.0 Right to buy statistical information

Table 1 Applications

Applications	2014/15	2014/15 total	2013/14 cumulative	2012/13 cumulative	2011/12 cumulative
April	51	51	56	52	30
May	39	90	106	115	56
June	63	153	147	151	96
July	47	200	191	191	125
August	58	258	249	235	149
September	53	311	294	290	186
October	47	358	348	339	212
November	39	397	395	389	240
December	29	426	421	423	247
January			475	456	273
February			540	515	299
March			605	572	337
total	426	426	605	572	337
Average per month	47.3		50.4	47.7	28.1

The number RTB applications over the last 3 years have remained fairly constant at around the 600 level. This followed a 70% increase of in 2012/13 from the previous year. This was the result of the government bringing in more generous discounts to make RTB more attractive (i.e. the maximum discount level increase from £24,000 to £75,000 in April 2012)

Table 2 - Sales

Sales total	2014/15	2014/15 cumulative	2014 /15 cumulative forecast	Variance	2013/14	2012/13	2011/12
April	20	20	24	-4	27	6	12
May	12	32	48	-16	32	15	21
June	29	61	72	-11	49	19	30
July	22	83	96	-13	79	31	32
August	19	102	120	-18	94	36	39
September	33	135	144	-9	124	49	46
October	30	165	168	-3	142	58	60
November	23	188	192	-4	163	75	67
December	29	217	216	1	181	87	73
January			240		205	101	81
February			264		225	134	92
March			288		255	149	104
Total	217		288		255	1493	104
Average per month	24.1		24		21.3	12.4	8.7

Despite the fairly constant level of application over the last 3 years the number of sales have increased steadily. This is because 1) the sale usually occurs around 5 months after the application so there is a time lag 2) The dropout rate has reduced significantly and a much higher proportion of applicants now go on to complete the sale than before. Again the more generous discounts making homeownership more affordable for tenants has been a significant factor here.

Table 3 Sales receipt

Sales receipt	Actual	2014/15 cumulative	2013/14 cumulative	2012/13 cumulative	2011/12 cumulative
April	£837,390	£837,390	£1,040,765	£229,860	£474,700
May	£523,067	£1,360,457	£1,201,265	£491,415	£868,675
June	£1,090,931	£2,451,388	£1,808,954	£641,140	£1,299,675
July	£708,349	£3,159,737	£2,937,732	£1,032,500	£1,466,875
August	£633,926	£3,793,663	£3,550,397	£1,290,420	£1,830,275
September	£1,317,606	£5,111,269	£4,709,689	£1,759,220	£2,103,825
October	£1,094,666	£6,205,935	£5,458,059	£2,144,180	£2,639,760
November	£957,542	£7,163,477	£6,259,377	£2,867,820	£2,940,380
December	£1,002,832	£8,166,309	£7,062,964	£3,283,680	£3,151,020
January			£7,974,774	£3,800,580	£3,535,145
February			£8,759,209	£4,980,355	£3,988,560
March			£10,035,935	£5,617,952	£4,480,210
Total		£10,921,536	£10,035,935	£5,617,952	£4,480,210

Figure in red is forecast year end position based on current average sale price

The total right to buy receipt is subject to pooling and does not represent cash retained by Sheffield City Council

Table 4 - Sale price

Average sale price	actual	2013/14	2012/13	2011/12
April	£41,900	£38,500	£38,300	£39,600
May	£43,600	£32,100	£29,100	£43,800
June	£37,600	£35,700	£37,400	£47,900
July	£32,200	£37,600	£32,600	£55,700
August	£33,400	£40,800	£51,600	£51,900
September	£39,900	£38,600	£36,100	£39,100
October	£36,500	£41,600	£42,800	£41,200
November	£41,600	£38,200	£42,600	£42,900
December	£34,600	£44,600	£34,700	£35,100
January		£38,000	£36,941	£48,000
February		£39,200	£35,743	£41,200
March		£42,600	£42,507	£41,000
Average for year	£37,922	£38,958	£38,366	£43,950

Average selling prices fell in 2012/13 by £5584 (around 13%) reflecting the more the introduction of more generous discounts in April 2012. There was a modest increase in 2013/14 reflecting the gradual improvement in the Housing Market. However following another uplift of maximum discounts in April 2014 bringing it to £77,000 there has been a small drop in average selling prices of just over £1,000. As at month 9 (2014/15) the actual average selling price was £37,922.

2.2 – Possible changes to the right to buy

The Government has started to do some initial fact findings with Local Authorities to gauge reaction to a possible cash incentive scheme to run alongside the right to buy.

The intention of the scheme is to help Council tenants who wish to buy properties on the open market rather than the property they are living in. The scheme would be targeted for;

- 1) older tenants – perhaps wishing to move closer to family
- (2) people in high demand property – e.g. larger properties
- (3) people who are unable to get a mortgage on their current property due to non-standard construction or high rise flats.

If this scheme was introduced tenants would be given a cash incentive in the form of a deposit to purchase a property on the open market The Government are still working on the detail of the scheme however it is envisaged the amount of the deposit will be either a fixed sum or an amount dependent on the number of years spent as a council tenant.

If introduced the scheme is unlikely to be compulsory. It is understood that it will be a Government funded scheme and local authorities will have to bid for funding to implement the scheme.

3. Recommendation

3.1 The Committee is asked to note the update.

This page is intentionally left blank