

# The Sale of High Value Assets – a tale of two halves

Ken Lee  
Chair of CIPFA Housing Panel

*Some people think Housing is a matter of life and death. I don't like that attitude. I can assure them it is much more serious than that.*

## First Half

- Conservative Manifesto
- Housing and Planning Bill
- Voluntary RTB
- Pilot Approach
- The Bill to an Act

## Second Half

- So what is there to play for?
- 4-4-2 Formula (where's 1-4-1)
- Any Areas we can Improve?
- A difficult one to win

## Manifesto Pledge?

- ***“Everyone who works hard should be able to own a home of their own”***
- Extend the Right to Buy to 1.3m housing association tenants
- Research
- Legal powers



## Aims of the Housing and Planning Act 2016

- **The legislation has three central aims – each one interlinked.**

“We’re determined that, both in Whitehall and in town halls, everything is done to get the homes we need built.” – *Brandon Lewis*

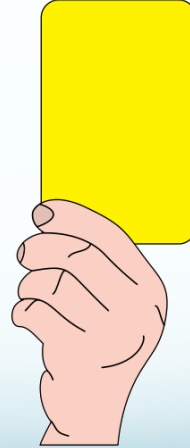
“A Greater Britain must mean more families having the security and stability of owning a home of their own. My government will do everything it can to help people buy a place of their own – at the heart of this is our ambition to build 1 million new homes by 2020” – *David Cameron*

“It’s not fair that families earning over £40,000 in London, or £30,000 elsewhere, should have their rents subsidised by other working people.” – *George Osborne*



## Why no Yellow Card?

- NHF – voluntary agreement
- Split in the Housing World
- Trust shattered – must rebuild or there is red on the cards for social housing



## Voluntary Right to Buy

- Extending the **Right to Buy** to housing associations giving another 1.3m people the opportunity to own.
- Voluntary deal with HA sector - a new way of doing business.
- NHF led Joint Sounding Board with DCLG and housing association membership.

**HOUSING  
FAT CATS'  
HYPOCRISY**

**Furious backlash at PM's right-to-buy  
revolution ... from housing chiefs with  
lavish homes and six-figure salaries**

## Voluntary Right to Buy - Pilot and Next Steps

- Pilot announced in November 2015 – tenants able to register their interest
- 5 Pilot associations (Riverside, Sovereign, Thames Valley, L&Q and Saffron) across 24 local authority areas.
- Pilots have worked together at pace to develop the scheme.
- Application process opened January 2016 - limited number of sales - applications will progress to the point of sale and complete following Royal Assent of the Housing and Planning Bill.



## How do the two sides compare?

### Local Authority

- Compulsory Scheme
- Any 3 years of tenancy
- Application to LA
- 4 weeks to respond
- No cap on sales numbers
- Debt pay off, Treasury share, council receipt remainder for 1-4-1 (30% rule)

### Housing Association

- Voluntary Scheme
- Any 10 years of tenancy
- Govt. Register of Interest
- £250 Application fee
- Limited number of sales
- 100% compensation but 30% linked to new start

## 2 little letters – ER!

- High to Higher
- Why the change?
  - Conservative South East Panic?
  - Able to have a Formulaic Approach?
- Shelter analysis
  - LA share £26m
  - 23,500 sales
- Parliament's Comments



## Half Time Review

- Who is the opposition?
- Lords challenged on behalf of HRAs – minor victory
- Affirmative Regulations
  - Parliamentary time
  - Some scrutiny but limited powers
- Agreement over 1-4-1
- Exclusions from sale



## So what is there to play for?

- DCLG are looking at 16m bits of data
  - Stock Value
  - Vacancy Rates



## 4-4-2 Formula (Where's 1-4-1?)

- FOR all house vacancies at Housing Authorities
- FOR all bedrooms/types (some exemptions)
- TO pay over money to Government

*“They seem to be controlling the game”*



## Any areas where we can improve?

- Costs of sales
- Flooding the market
- Outstanding debt
- Exemptions
- 1-4-1 support
- Will there be any left – to HA RTB



## Higher Value Vacant Council Housing A closer look

- Local authorities with housing stock will be required to make a payment to Government in line with the anticipated receipts from the sale of higher value vacant housing.
- This will help to:
  - build more homes that better meet housing need
  - fund RtB discounts for housing association tenants
- Formula approach will provide Government with certainty about the level of payments, and offer councils flexibility about homes to be sold.
- Secretary of State and councils can enter an agreement enabling councils to retain part of the payment to lead on the delivery of more homes. These must result in at least 1 new affordable home for each one expected to be sold – and in London 2 new affordable homes for each old one.
- Currently processing and analysing data to inform policy.



## A difficult one to win

- The Figures look awful
- But
  - RTB take up not high
  - Vacancies are down
  - Does it really stack up?
- It is going to happen – its just what shape will it be?



## Game changers?

- Use to sort assets
  - Keep high returners
  - Sell low returners
- Make right re-investment
  - Analyse future market
  - Use with regeneration
- Alternative buyers
  - Seller is in control
- Control your costs
- Work with all Housing Providers

  
**KEEP  
CALM  
AND  
CHANGE  
THE GAME**