1. This additional evidence in relation to the proposals to reform the Right to Buy contained in the Housing (Scotland) Bill is being provided as a result of several questions which were asked of the SFHA representative, Andy Young, at the meeting of the Local Government and Communities Committee on 24th March 2010.

2. Committee member David McLetchie put forward a hypothetical model of using Modernised Right to Buy receipts to fund further new build developments, suggesting that there would be no net loss of stock. The figures were based loosely on the projected sales of properties by housing associations once the ten year exemption from the Modernised Right to Buy ends in September 2012, contained in the 2006 Scottish Government publication *The Right to Buy in Scotland - Pulling Together the Evidence*. It predicted that sales might number between 3,500 and 4,500 per year up to 2015, and then level off to a rate of around 3,000 per year thereafter.

3. For the sake of simplicity, let us assume that the sales will average 4000 per annum.

4. In 2008/9, the average market value of a house sold under RTB was £83,963 (*Housing Statistics for Scotland - Sales to sitting tenants- 26th November 2009)*.

5. For the purposes of this exercise, let us round that average up to £85,000 and assume that the capped maximum Modernised Right to Buy discount of £15,000 applies to each sale. This means that a housing association could sell its properties, on average, for £70,000 each.

6. Using the Scottish Government figures that Mr McLetchie referred to, each new property costs around £132,000 to build, of which £84,000 is made up of Housing Association Grant and other public subsidy, and around £48,000 from private finance.

7. Selling 4000 properties would theoretically raise £280million for the housing association sector. Before taking into account the fact that some HAG would need to be repaid*, and there would be a potential outstanding loan debt of around £192 million, it would cost in the region of £528 million to replace those 4000 properties based on Mr McLetchie’s model. This I believe answers Committee member John Wilson’s question about outstanding loan

8. *It is difficult to come up with a figure for the likely amount of HAG to be repaid. This is entirely dependent on the type and age of property, and these types of property in such significant numbers have never been subject to the Modernised RTB before, which makes modelling rather difficult. However, even if you were to disregard HAG repayment, there are still insufficient funds remaining from sales to replace the lost stock.

9. Quite apart from all of this, the average weekly rent for a housing association property in Scotland is £57.36 (*Scottish Housing Regulator Statistical Tables 2008-09)*.
10. This equates to rent loss of almost £12 million in a single year, based on selling 4000 properties.

11. Committee member Bob Doris asked for some idea of the housing aspirations that have been denied to people who are still in the social rented sector who want to move to larger family houses that have been lost under the Right to Buy. More than twice as many houses (333,354) have been sold under RTB in Scotland than flats (150,291) (*Housing Statistics for Scotland - Sales to sitting tenants 26th November 2009*). There are currently around 20,000 homeless families with children (*Scottish Government statistics, 2009*), and around 205,000 on local authority housing lists (*Housing Statistics for Scotland - Housing lists, 2009*), with a further 285,662 people on housing association waiting lists in Scotland (*Scottish Housing Regulator Statistical Tables 2008-09*).

12. Mr Doris also asked for some analysis of the maintenance required on the houses that have not been subject to the right to buy compared to those that have been sold off. There had apparently been a previous assertion that it is more expensive to maintain the houses that people do not want to buy than those that people have bought. I am not sure where this came from and obtaining statistical evidence to support the statement has proved to be rather difficult. However, it does stand to reason that the more desirable properties are the ones that are lost from the system, increasing the chances of creating ‘ghettos’ of rented properties which become difficult and expensive to let and maintain.

13. The Scottish Housing Regulator collects statistical information each year from housing associations in the Annual Performance & Statistical Return (APSR). This includes the numbers of tenancies which are subject to RTB (and which type of RTB). The table below shows the figures for the last 3 available years. Through the ending of the more established tenancies, there is naturally a trend of decreasing ‘original’ RTB, and increasing Modernised RTB. You will see that at 2008/9, there were 77,699 housing association tenancies subject to the Modernised RTB. This is how we came to the conclusion that not extending the Modernised RTB to housing associations would protect around 80,000 properties. This estimate would include the 70,000 referred to by the Scottish Government. We have simply projected the figures to 2012. On reflection this may actually be a little on the conservative side, but is simply meant to give an indication of the number of properties involved.

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-2001 Act RTB</th>
<th>Modernised RTB</th>
<th>Contractual RTB</th>
<th>With RTB</th>
<th>Without RTB</th>
<th>Total tenancies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/9</td>
<td>67,003</td>
<td>77,699</td>
<td>5,503</td>
<td>150,205</td>
<td>109,546</td>
<td>259,751</td>
</tr>
<tr>
<td>2007/8</td>
<td>71,154</td>
<td>71,813</td>
<td>5,346</td>
<td>148,313</td>
<td>101,529</td>
<td>249,842</td>
</tr>
<tr>
<td>2006/7</td>
<td>77,624</td>
<td>63,839</td>
<td>5,095</td>
<td>146,558</td>
<td>94,510</td>
<td>241,068</td>
</tr>
</tbody>
</table>
14. The SFHA consulted widely with its membership on all aspects of the Housing Bill proposals. We held focus groups of member and non-member associations in Glasgow, Edinburgh and Aberdeen to solicit views, and held Housing Bill-specific conferences and Housing Bill workshops within wider conferences, as well as inviting written comments through our various media (daily news bulletins, staff forums, monthly magazine, fortnightly policy digest). Scottish Government officials also very kindly met with representatives of housing associations from across Scotland on two occasions to discuss potential reforms to RTB. The overwhelming view of housing associations in Scotland was to seek ways to extend or make permanent the ten year housing association exemption to the Modernised RTB, as put forward by SFHA.

SFHA
1st April 2010