



What you need to know about the proposal to extend the right to buy

In the run-up to the 2015 general election the Conservative Party proposed in its manifesto to extend the right to buy to housing association tenants in England. It also proposed that councils should be required to sell high value council homes when they become vacant, with some of the money from these sales being used to pay for the discounts offered to housing association tenants who buy their homes. Following the election, these measures were expected to be included in the forthcoming Housing Bill.

On the 24 September the National Housing Federation (NHF), started a process to consult its members on an alternative proposal which could see the right to buy extended to housing associations without the need for legislation. NHF members have until Friday 2 October to vote on whether they support the voluntary proposal being made to government. If there is sufficient support the NHF will then formally make the proposal to government.

There had been speculation that if the government was to legislate to extend the right to buy to housing associations, this may affect their status as independent organisations which are separate from government, and lead to them being reclassified as public bodies. The new proposal is intended to avoid that and to ensure that associations remain independent and able to make their own decisions in the future.

This briefing for CIH members sets out what you need to know about the NHF's suggested proposal.

How the proposal would work

In summary the main points from the proposal are that:

- Every housing association tenant will gain the right to buy. In most cases they will be able to use this right to purchase the property they currently live in, however associations will retain some flexibility to offer an alternative property (either from their own stock or from that of another association) in certain circumstances.
- There will not be a prescribed list of the circumstances in which an association will be able to refuse to sell a particular property, however this might include properties in certain rural locations, supported housing and properties which were bequeathed for charitable purposes. Ultimately the decision not to sell a particular property, and to instead offer an alternative, will rest with the association's board.
- Government will determine the eligibility criteria and the discounts for housing association tenants and will compensate associations fully for the cost of the discount so that they receive the full market value for every home sold.
- At a national level, associations will commit to replacing every home sold with at least one new home. However this does not necessarily mean that one-for-one replacement will be achieved within each individual association or within a specific geographical area.
- Associations will be able to use their own discretion to determine the location and tenure



of replacement homes. Starter homes and homes for shared ownership (or another form of low cost home ownership) will be permissible, as well as homes for social or affordable rent.

- Associations will aim to replace every home sold within two years, and will have to return any unspent receipts from sales to government, if they are not able to commit them to a replacement, within three years. Wherever possible associations will use this money to build a new home, however if necessary they will be able to use it to buy a replacement on the open market or to return an empty home to use.
- Associations will also commit to working with government to explore options to give all tenants the opportunity to buy a stake in their home over time.

The proposal makes no changes to the government's plans to require councils to sell high value homes as they become vacant, and it is anticipated that this measure will still be included in the forthcoming Housing Bill.

What will happen next?

Housing associations are now being asked to consider the proposal, which will only be offered to the government if the majority are prepared to sign up to it. If a proposal is not accepted (either by housing associations or by the government), ministers have indicated that they will include measures extending the right to buy to housing association tenants in England in the Housing Bill, as originally planned.

As the Housing Bill is due to be published in early October, individual associations each have until 2 October to decide whether they are prepared to accept the proposal.

Initial CIH response

The proposal recognises that housing associations are independent, and in many cases charities, and helps avoid the risk of them being reclassified as public bodies. It could also provide more flexibility than might otherwise be the case.

Full compensation for housing associations will be absolutely vital if they are going to be able to build more affordable homes for people who can't afford to buy. We would welcome the option of giving tenants a portable discount in some circumstances, where replacing the home in question would be extremely difficult.

We estimate that around 145,000 housing association tenants will exercise the right to buy during the first five years of the policy. It will therefore be absolutely critical that both the homes sold by housing associations and the homes sold by councils to fund the extended scheme are replaced on a one-for-one basis within a guaranteed timetable, so that the loss of desperately-needed social rented housing does not increase at a time when more and more people are in need. This is not happening under the current scheme. Last week's figures showed that since right to buy discounts were increased in April 2012 32,288 homes have been sold, while only 3,644 have been started or acquired to replace them.

Further information

Details of the [proposal are set out in full on the NHF's website](#), along with a set of [frequently asked questions](#).