

5 April 2016

## Briefing:

# Voluntary Right to Buy

## Policy development process

### Summary of key points:

This briefing sets out the process for developing the detailed policy framework for Voluntary Right to Buy, outlines the roles of housing associations, the National Housing Federation and the Government in shaping the framework, and explains how key decisions about the framework are being taken and by whom.

### Contents:

1. Background
2. Policy development structure, roles and responsibilities
3. How decisions will be made and who makes them
4. Communication and updates.

## **1. Background**

In September 2015, the National Housing Federation, on behalf of its members, put forward a proposal to the Government to deliver its commitment to extend Right to Buy to housing association tenants. This proposal was accepted by the Prime Minister in October 2015.

Following the Government's acceptance of the sector's offer, work has begun to develop the detail that will underpin the principles set out in the agreement ([see separate briefing](#)) and allow the Voluntary Right to Buy (VRTB) to be implemented.

This briefing sets out the process by which the policy is being developed, the parties involved, how housing associations are and can be involved in this, and how decisions are being made.

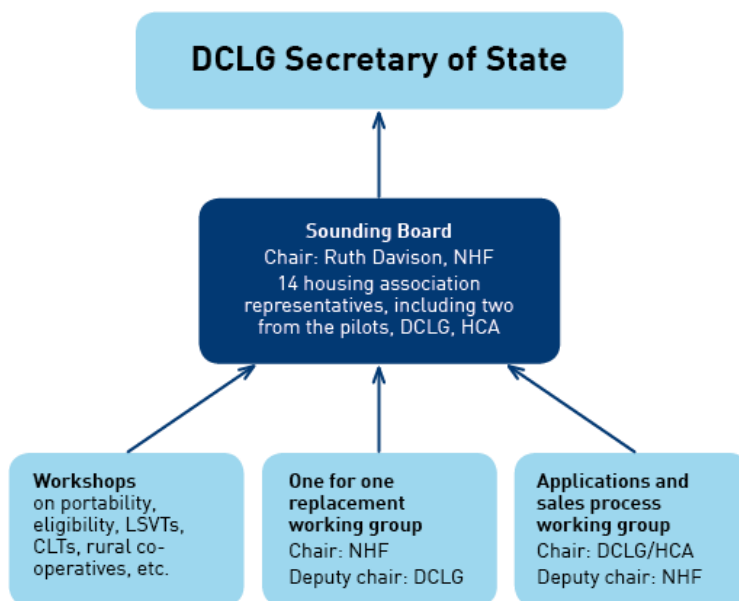
## **2. Policy development structure**

VRTB is being jointly designed by housing associations, the Federation and the Government to ensure the scheme works effectively for tenants and for housing associations' businesses, and delivers the Government's manifesto commitments. This co-ownership between the sector and the Government reflects the fundamental voluntary nature of the scheme and is the core principle of the implementation process.

At the centre of this process is the VRTB Sounding Board, which is responsible for the design of the overall VRTB. It is made up of housing associations, the Department for Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA), and chaired by the Federation.

The Sounding Board receives proposals about different aspects of the scheme from two working groups, made up of housing association representatives, and from a series of topic-specific workshops. It also receives recommendations and learnings from the VRTB pilot scheme. The Board considers these proposals and, if it endorses them, makes recommendations accordingly to the Secretary of State.

Recommendations from the Sounding Board are considered and will need to be agreed by ministers, and will form the basis of the main scheme. We expect this to be accompanied by a framework setting out timings of payments and that sets out the full design and details of the VRTB for housing associations. As part of, or in parallel with, the framework, the Government will set out the terms on which it will pay compensation to housing associations for the discount to tenants.



*The VRTB policy development structure*

## 2a. The Federation's role

The Federation represents housing associations' interests and perspective to the Government, ensuring that VRTB works effectively for associations.

We, along with DCLG officials, support the working groups and workshops in developing workable policy solutions to recommend to the Sounding Board, and support the members of the Board in considering these proposals.

We also ensure that key information and updates from this process are communicated to our members, and that all members have the opportunity to engage with the development of the scheme.

## 2b. The Sounding Board

The Sounding Board includes representatives from 14 housing associations which aim to reflect the diversity of the sector: large and small organisations, different geographies and housing markets, supported housing providers and direct links to the pilot schemes.

The associations on the Board are: Accent Group, Amicus Horizon, Anchor, Aspire Group, Bromford, First Choice Oldham Homes, Home Group, Innisfree, Peabody, Places for People, Shropshire Housing, Sovereign, Town & Country, and L&Q.

The Board also includes representatives from DCLG and the HCA, and is chaired by the Federation.

## 2c. Working groups

There are two working groups which focus on particular aspects of the VRTB scheme development: the application and sales process, and one for one replacements. The groups consider key factors relating to these issues and, with the support of the Federation, DCLG and the HCA, draw up workable policy solutions to propose to the Sounding Board.

Notes from group meetings are available on [the VRTB section of the Federation website](#).

- **Application and sales process working group**

This group is designing the process through which tenants apply for and buy homes under VRTB. This includes the overall customer journey, who is eligible for the scheme, preventing fraud, and how the process will be supported and resourced by the Government.

The group is chaired by DCLG, and membership is made up of housing associations nominated by both the Federation and DCLG. These are: Curo Housing Group, Hyde Housing, Islington & Shoreditch Housing Association, Midland Heart, Yorkshire Housing, and Thames Valley Housing.

- **One for one replacement working group**

The VRTB agreement sets out that all homes sold under the scheme will be replaced by a new affordable home on a one for one basis nationwide. The one for one replacement working group looks at how to make the replacement process as rapid and efficient as possible, designing a process that works for both developing and non-developing associations, and how housing associations might work in partnership with other organisations to deliver replacements. It is also looking at how to deliver the national target of one for one replacement through new supply when some housing associations, such as those in low market areas, will not be able to deliver that as individual associations. It is specifically looking at how the discount is paid to the housing association.

The group is chaired by the Federation and made up of five housing associations with specialist knowledge of development: English Rural, Great Places, Sanctuary, South Yorkshire Housing Association, and Riverside, alongside DCLG and the HCA.

## 2d. Key topic workshops

Workshops are taking place on several key topics and are designed to get input from as wide a range of housing associations as possible into the VRTB scheme. Suggested policy solutions arising from the workshops will be developed with the support of the Federation and proposed to the Sounding Board.

The workshops cover the following topics:

Contact name: Clarissa Corbisiero-Peters  
Job title: Head of Policy  
Email: [righttobuy@housing.org.uk](mailto:righttobuy@housing.org.uk)

Lion Court  
25 Procter Street  
London WC1V 6NY  
[info@housing.org.uk](mailto:info@housing.org.uk)  
[www.housing.org.uk](http://www.housing.org.uk)

- eligibility
- portable discounts
- legacy stock
- charitable status
- Section 106 and restrictive covenants
- Large Scale Voluntary Transfer (LSVT) issues
- rural issues
- supported and sheltered housing
- smaller housing association issues
- fraud

Notes from workshops that have taken place and dates for upcoming workshops are available on the [VRTB section of the Federation website](#).

## 2e. VRTB pilots

The Government has put in place five VRTB pilot schemes to test how the process might work, understand demand and prepare for the wider rollout.

The Federation is working closely with the five participating organisations, ensuring that learnings from the pilots are fed into the development of the national scheme via the Sounding Board and via ongoing action research.

The five housing associations taking part in the pilots are Riverside, Sovereign, L&Q, Thames Valley Housing, and Saffron.

More information on the pilots and the research can be found on the [pilots section of the Federation's website](#).

## 3. How decisions will be made and who makes them

It is important to remember that the principles of the deal the sector struck with the Government are unchanged. The work happening at the moment is concerned with taking those principles and turning them into a workable system. There are decisions for all parties to this agreement.

### • Decisions made by the boards of individual housing associations

The deal states that there is a presumption that housing associations would sell the tenant the property in which they live. However, boards retain discretion over which properties to sell to tenants and which not to. The deal listed categories of housing where the tenant might reasonably expect the association to decline the sale, but these are examples, they are not the

only grounds on which an association may refuse a sale. Nor are they proscriptive – an association may choose to sell a property too. Boards need to decide their policy for operating their discretion, and in due course, publish their policy.

Where associations do operate their discretion not to sell, they will be expected to offer their tenants an alternative property to buy through the concept of a portable discount. They will also need to decide their portable discount policy alongside their policy on discretion not to sell.

A note on preparing for the launch of VRTB will be published shortly.

- **Recommendations made by Sounding Board**

How the scheme would work best is, as outlined above, being tested by the Sounding Board who will recommend an approach for approval to the Secretary of State. A framework will then be published.

It will provide a framework for housing associations to implement it. There will be flexibility within this framework for associations to make decisions about how they operate parts of the scheme, given its voluntary nature, to ensure that it can be tailored to fit local circumstances – see [Decisions made by the boards of individual housing associations](#).

The contents of the framework will be based on the recommendations of the Sounding Board, subject to the approval of ministers. In short, it will have come from the joint work undertaken by the sector with the Government.

- **The role of the Government**

The Government has accepted the offer of the sector to deliver its manifesto commitment by way of the voluntary scheme. Ministers will consider the recommendation of the Sounding Board to ensure that what is proposed will deliver that commitment to extend the opportunity of home ownership to 1.3m housing association tenants. The voluntary nature of this scheme means that no legislation obliging housing associations to sell their homes will be put in place. However, the Housing and Planning Bill currently before Parliament will give the Secretary of State powers set home ownership criteria and to direct the regulator to monitor compliance against these criteria.

In return, the Government has agreed to fully compensate housing associations for the cost of the discount. The Housing and Planning Bill therefore contains provisions that will enable the Government, via the HCA and GLA, to make payments.

#### **4. Communication and updates**

Operationalising VRTB is a complex process and the Federation will work to ensure that all important information is made available to housing associations, so that they can input effectively into the design of the scheme and prepare their businesses for rollout.

In these early stages of the process, most key issues are still under discussion, so there are no major policy updates to communicate, only summaries of the issues being discussed at workshops, working groups and the Sounding Board. These are all posted on the Federation's website and sent out in the Federation's member newsletter, Right to Buy Update, which we encourage all members to sign up to (contact [communications@housing.org.uk](mailto:communications@housing.org.uk) to be added).

When key policy issues are agreed, the Federation will publish further briefings to give members early sight of what is likely to be in the final framework document.

However, nothing will be devised out with the original agreement, so boards can already begin to discuss their approach. A note, for those who may find it helpful, will be published soon to aid those discussions.