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Voluntary Right to Buy

Policy updates and recommendations to date

This document provides the latest updates on the policy that is being developed for Voluntary Right to Buy. There are key five areas that will shape the implementation, and for each area this document outlines recommendations made to date and points to be considered further. As these issues are still under discussion, this document will be regularly reviewed and updated by the Federation.

1. [Eligibility](#)
2. [Discretion](#)
3. [Application and sales process](#)
4. [Portability](#)
5. [One for one replacement.](#)

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Introduction

The development of Voluntary Right to Buy (VRTB) is a complex process. The scheme is being jointly designed by housing associations, the Federation and the Government to ensure that it works effectively for tenants and for housing associations' businesses while delivering the Government's manifesto commitments.

At the centre of the implementation process is the [Sounding Board](#), which is responsible for the overall design of VRTB. The Sounding Board receives proposals about different aspects of the scheme from [two working groups](#) and from a series of [topic-specific workshops](#). It also receives recommendations and learnings from the [pilot scheme](#). The Sounding Board considers these proposals and, following a thorough discussion of the options, makes recommendations to the Secretary of State for ministerial consideration.

In developing the scheme, five key areas are being considered: eligibility, discretion, the application and sales process, portability, and one for one replacement. This document updates on each of these areas, highlighting the recommendations made by the Sounding Board to date that will shape the final VRTB scheme, and remaining points that the Sounding Board is to consider further. This briefing also provides clarification about how the VTRB will interact with the Right to Acquire.

It is important to note that all recommendations made by the Sounding Board are subject to a final ministerial decision.

1. Eligibility

The Government is responsible for deciding who is eligible for the VRTB discount, how the discount will be funded, and how much the discount will be. The Federation will update members as soon as this has been confirmed.

2. Discretion

One of the core principles of the VRTB agreement is that housing associations will have the final decision about whether to sell an individual property. [Read our briefing on the original agreement](#) for more information.

Workshops with members have been held to discuss some of the key areas where housing associations may choose to exercise discretion, covering a range of topics including Section 106 and restrictive covenants, rural housing, supported and sheltered housing, Large Scale Voluntary Transfers (LSVTs) and contractual clawbacks, and legacy stock. Member proposals from these workshops have been discussed by the Sounding Board.

The following recommendations have been now agreed by the Sounding Board and will be put forward to the Secretary of State for ministerial consideration:

- associations will be able to define what rural means in the context of their local area; there will not be a fixed definition of what constitutes a rural property for the purposes of VRTB
- any renegotiation of Section 106 agreements and restrictive covenants on sales should take place locally and housing associations should be free to take their own approach to these discussions, if they choose to have them. The guidance should highlight the opportunities to renegotiate Section 106 agreements in strategic conversations at a local level.

The Sounding Board is still exploring the following points:

- specialist issues relating to legacy stock, supported and sheltered housing, and smaller housing associations
- options for resolving restrictions on sales arising for LSVTs from existing transfer agreements are being explored further with the Department for Communities and Local Government (DCLG).

3. Application and sales process

An [application and sales working group](#) has been set up to design the process that tenants will use to apply for and buy homes under VRTB. This includes the overall customer journey, how eligibility is established, preventing fraud, and how the process will be supported and resourced by the Government. The working group then makes recommendations to the Sounding Board.

The following recommendations have been now agreed by the Sounding Board and will be put forward to the Secretary of State for ministerial consideration:

- the role of the Government-funded Right to Buy agents should be expanded to provide support for housing association tenants interested in accessing VRTB
- there will be a central portal intended as a first checkpoint to ensure a smooth customer journey and to help manage demand
- valuations should be undertaken by a RICS-accredited valuer

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- complaints at any stage in the process should be conducted through the housing associations' internal complaints appeals with the Housing Ombudsman as a backstop .

The Sounding Board is still exploring the following points:

- what recommendations to make to the Government on its budget management process for managing the scheme within the funding envelope, to ensure it works for housing associations as well as the Government
- how the application process could be designed to minimise the risk of fraud
- the operation and timing of an application fee.

4. Portability

When associations exercise their discretion not to sell a property, the tenant will have the option to use their discount to purchase another property. As the VRTB discount can only be used for housing association properties, the association will need to offer the tenant a suitable alternative property either from within their own stock or by working with another association to offer a property from their stock. [Read our briefing on the original agreement](#) for more information.

Workshops and extensive member engagement has taken place to inform the design of the portability process. Proposals from this member engagement have been discussed by the Sounding Board.

The following recommendations have been now agreed by the Sounding Board and will be put forward to the Secretary of State for ministerial consideration:

- valuation for the discount when porting should be based on the property being ported to
- housing associations should publish a local policy which will set out how they intend to operate the portability scheme locally
- any comments or complaints should be dealt with in the first instance through the association's complaints policy with the Housing Ombudsman as a backstop.

The Sounding Board is still exploring the following points:

- whether an equity sharing scheme could form part of the porting process.

5. One for one replacement

A one for one replacement working group has been set up to identify the opportunities and barriers to achieving one for one delivery, and propose policy solutions to support housing associations to achieve one for one replacement nationally. The working group then makes recommendations to the Sounding Board.

The following recommendations have been agreed by the Sounding Board and will be put forward to the Secretary of State for ministerial consideration:

- housing associations should be able to count replacement properties once the VRTB scheme is launched if they can demonstrate additionality
- housing associations should be able to count any home they are developing outside of their contracted Affordable Homes Programme delivery where it is a VRTB replacement
- in limited circumstances, housing associations should be able to replace through acquisition
- in line with the VRTB agreement, the definition of an affordable replacement home should be broad and include a range of tenures, including Starter Homes, shared ownership homes, other part-buy models and affordable and social rent. Housing associations will have flexibility to use receipts so that they can respond to market pressures and local housing need.

The Sounding Board is still exploring the following points:

- how to ensure payment of discount is made swiftly and in a way that does not undermine development
- the best method for monitoring and reporting replacements.

Interaction with the Right to Acquire

The discounts available under the Right to Acquire are lower than those available under Right to Buy schemes. Tenants who currently have the Right to Acquire will retain this right but they will also have access to VRTB when the scheme launches.

Tenants who have access to both the Right to Acquire and the VRTB and who wish to buy their home will be able to choose which scheme they apply to. In most cases it is likely that tenants in this situation will choose to exercise the VRTB due to the higher levels of discount on offer, however as there may be differences in the eligibility criteria for Right to Acquire and VRTB this may not always be the case.

Further information

It's crucial that housing associations are involved in the design of VRTB, so keep updated on the latest news and how you can get involved by visiting the [VRTB section of our website](#).

For more information about what you can do to prepare for VRTB now, [read our briefing](#).

The Federation and DCLG are jointly producing guidelines for the implementation of VRTB that will provide a more detailed practical guide for housing associations to use when designing and implementing their VRTB scheme. The guidelines will be published sufficiently in advance of the go-live date to ensure that housing associations have time to prepare for the launch of VRTB.

References

- [Voluntary Right to Buy: briefing on the key principles of the agreement](#)
- [Voluntary Right to Buy: briefing on the policy development process](#)
- [Voluntary Right to Buy: briefing on what you can do to prepare now](#).