

Voluntary Right to Buy Webinar

Chair: **Clarissa Corbisiero-Peters**

Head of Policy, National Housing Federation

www.housing.org.uk/righttobuy

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Session outline

10:00 – 10:45

VRTB Overview, Kathleen Kelly

10:45 – 11:15

Portability update, Steve Cole

11:15 – 11:45

1 for 1 replacement update, Adam Morton

11:45 – 12:00

Summary and final questions, Clarissa Corbisiero-Peters

Voluntary Right to Buy Overview

Kathleen Kelly

Assistant Director of Policy and Research
National Housing Federation

www.housing.org.uk/righttobuy

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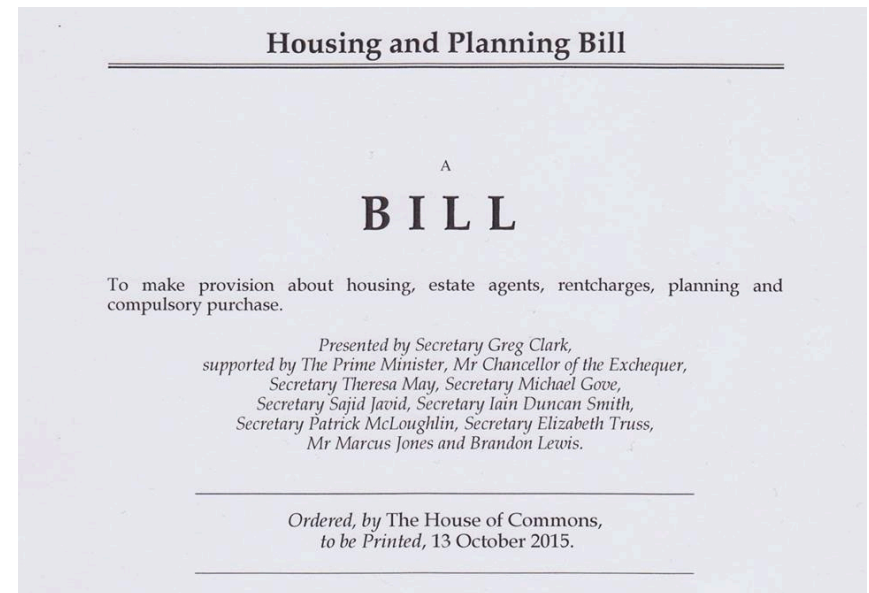
Background



Kathleen Kelly - Overview

A voluntary deal

- The Government accepted the sector's offer to implement Right to Buy voluntarily
- Legislation is enabling and enables the government to pay full market compensation to housing associations



Key principles of the agreement

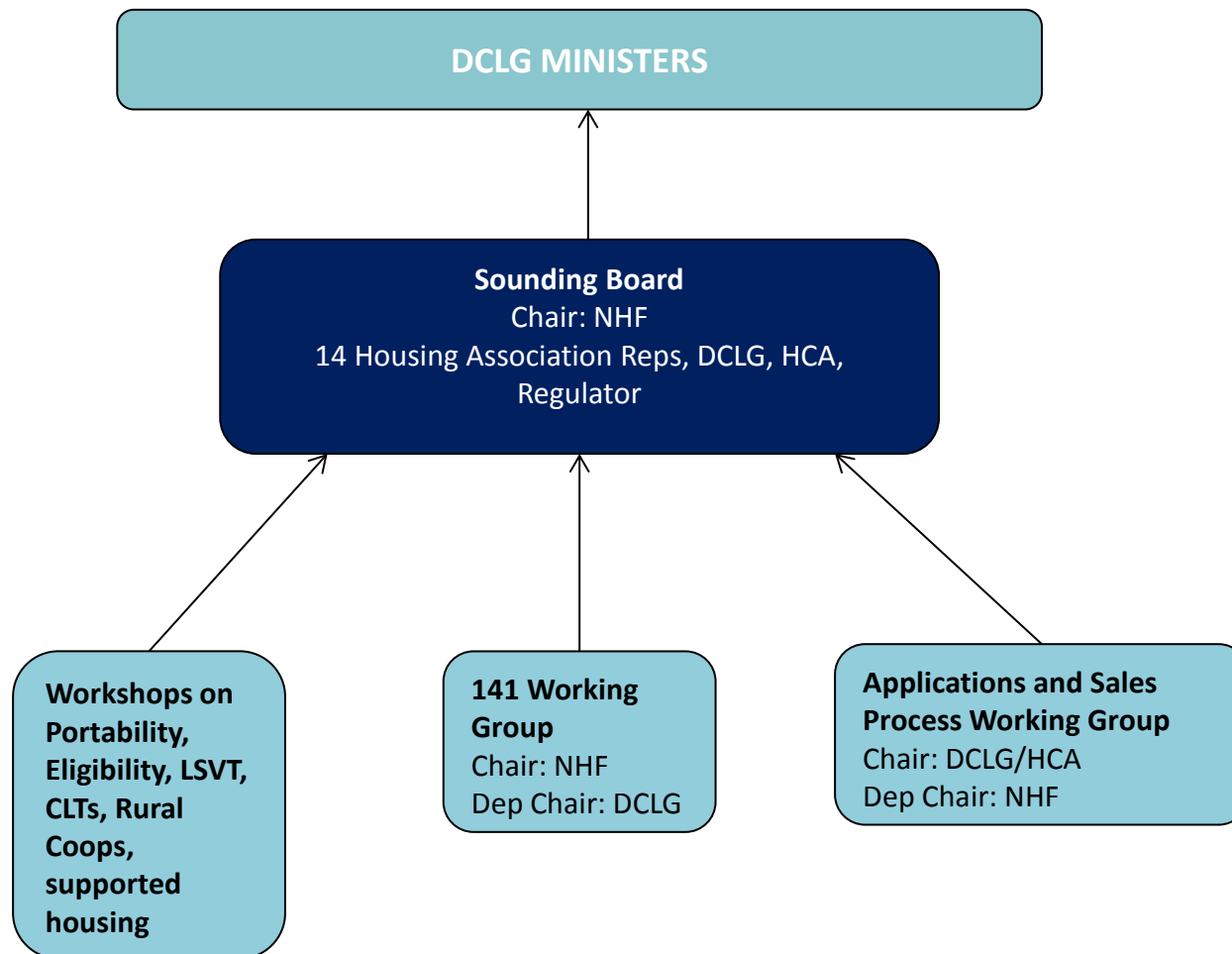
- RTB level discounts for HA tenants
- Board control over which homes to sell
- Full compensation
- Flexible one for one national replacement

Kathleen Kelly - Overview

Timetable



Kathleen Kelly - Overview



VRTB pilots



- Testing application process, demand, sales process
- Not testing replacement and portability
- Action learning – Sheffield Hallam
- Strong links to the development of the main scheme.

Ways to get involved and find out more

- Email righttobuy@housing.org with any queries
- VRTB newsletter
- Website www.housing.org.uk/righttobuy

Voluntary Right to Buy: Portability

Steve Cole

Policy Leader

National Housing Federation

www.housing.org.uk/righttobuy

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Portability in the VRTB Agreement

1 - *'There would be a presumption that housing association tenants would have the right to purchase a home at Right to Buy level discounts, but associations would have discretion not to sell the home under some circumstances in order to manage their business and charitable objectives. This means that in some cases, housing association tenants would be offered a portable discount to purchase an alternative property to the one that they live in. Housing associations would have the freedom to replace the properties sold with alternative tenures such as shared ownership where this is more appropriate.'*

2 – *'It may be possible for housing associations to offer their tenants the opportunity to use their discount to purchase an alternative property from either their own or another association's stock. It would be at the tenant's discretion whether to take up the portable discount offer, or to purchase their existing home.'*

3 – *'If a tenant were unhappy with the alternative offered – for example, because it represented a worse housing option than the one in which they live, or was in a location that presented difficulties in terms of employment, schooling or other commitments – they would be allowed to appeal to the Regulator to arbitrate. Where the Regulator considered the association has acted fairly, it would suggest the tenant accept the offer, or subject to available funding, offer the tenant a portable discount to purchase a property on the open market. Where the Regulator considered the association had not offered a reasonable alternative, the association would agree to offer another alternative.'*

Portability – Work to date

- 3 workshops
- 20+ in depth phone interviews with members
- 13 associations participating in research
- 3 Sounding Board debates
- Regular meetings with DCLG
- This is still in development

Portability – Where are we



Portability – Where we are now

- No open market portability
- No obligation to offer portability to tenants of other associations
- More complex than a straight VRTB sale
- Portable offer does not need to be of same tenure
- Will represent a minority of overall sales

- High variations in levels of discretion associations would seek to exercise – the lowest level being 2% the highest being 92%
- Organisations with larger volumes of stock indicated they would exercise discretion on significantly lower percentage of applications than those with a more limited stock
- All developing associations surveyed were planning to make a percentage of their pipeline available for tenants porting within their own stock
- 1/3 of those surveyed would offer stock to other associations

Portability – Key elements

- Housing association portability policies should be the primary determiner of the nature of associations' offer and approach regarding portability
- If funding is released quarterly or biannually portable VRTB should be funded from the same pot as standard VRTB
- Light touch guidance should be created to support associations in developing their policies
- A single flat fee should be charged to tenants for all VRTB applications
- The review process should be led by housing associations' complaints procedures
- The definition of a reasonable offer should be set by the housing association in their portability policy

Identifying property for portability

4 emerging sources

- Void
- New Build
- Choice based lettings
- Partnership agreements

Example Decision Making Process			
Geography	Availability	Cost	Quality
<ul style="list-style-type: none">• Location of alternative property• Location buyer wishes to live in• Proximity to work	<ul style="list-style-type: none">• Void• New Build• Tenancy expiring• Restrictive covenant• Lender consent	<ul style="list-style-type: none">• Cost of purchase• Major works pending• Cost of running• Service Charge	<ul style="list-style-type: none">• Size• No of rooms• State of repair• Warmth• Safety

Portability – Next steps

- How does portability work for associations where the standard model is unviable?
- Fine tuning (hopefully) of the standard model
- Further member testing and recommendations to Sounding Board

Voluntary Right to Buy: 1 for 1 Replacement

Adam Morton
Policy Leader
National Housing Federation

www.housing.org.uk/righttobuy

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1 for 1 replacement in the VRTB Agreement

- A mutual objective, shared by housing associations and the Government, that homes sold under the VRTB are replaced
- At a national level, housing associations would deliver at least one new home for each home sold, within three years
- Flexibility over the type, affordable tenure and location of replacement home
- Presumption that replacement will be through building a new home, but in some circumstances possible to buy a home or bring an empty home back into use
- Homes will be sold at market value and housing associations will be compensated for the full value of the discount – paid 70% at sale and 30% start on site

Adam Morton - 1 for 1 Replacement

1 for 1 replacement working group

- Makes recommendations to the VRTB Sounding Board
- Aim is to identify opportunities and barriers to ensure one for one replacement – and proposing policy solutions which will support this
- Chaired by the Federation with members from six housing associations – alongside DCLG and the HCA
- A range of issues identified so far:
 - relationship with the AHP
 - timing and counting arrangements
 - triggering the payment
 - reporting requirements and process design
 - development partnerships
 - replacing in rural or low value/demand areas
 - wider mechanisms to support replacement

1 for 1 replacement – Recommendations so far

- When the delivery of replacements can start
- Homes that can be counted as replacements
- The triggers for the payment of the discount
- The principles that will underpin reporting
- The type of data that will be reported on
- The importance of development consortia
- Other mechanisms that will help replacements

1 for 1 replacement – Next steps

- Explore the rationale behind the 70:30 split and backstop date for payment
- Identify and address the key RCGF restrictions
- Ways to facilitate rural replacements
- Map the end-to-end process from application to replacement
- Develop advice and best practice on partnership arrangements

Summary

Clarissa Corbisiero-Peters

Head of Policy

National Housing Federation

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What's next?

- **Member briefings**
 - Policy update
 - What you can do now to prepare for VRTB
- **Implementation guide**
 - To be published in advance of the go live date
- **Regional VRTB roadshows**
 - August and September

Clarissa Corbisiero-Peters - Summary

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