

Voluntary Right to Buy Sales and Replacement Policy

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3. **Reference Documents including links** Voluntary Right to Buy and Portability Policy
NHF Voluntary Right to Buy Guidance Document
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4. **Legislative Requirements including links**
 - Housing and Planning Act 2016
 - Capital Funding Guide
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5. **Contact** For queries about this Policy please contact Helen Williams – Commercial Property Team
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Introduction The **Voluntary Right to Buy (VRTB)** scheme is a pilot scheme enabling eligible customers to purchase the home they rent from Bromford with a discount off the full market value.

NHF members agreed to replace homes sold through VRTB on a one for one basis, at a national level, through new supply. There is no obligation on **individual** associations to deliver one for one replacement properties.

This policy should be read in conjunction with the Voluntary Right to Buy Policy.

Receipts Bromford will use the sales receipt from the sale of a property under the VRTB to deliver replacement properties. When a property is sold we will receive full open market value for that sale. This will be in the form of:

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- A receipt from the customer at open market value minus the discount
 - Compensation for the value of the discount from the Government in the form of revenue grant

We will hold receipts in a separate liability fund on the balance sheet until reinvestment in new supply.

All net proceeds from sale will be spent on new supply. We may choose to direct additional resources towards replacement properties.

theTenure

We will use receipts to develop **new** supply across all localities in which we have a development pipeline and will not restrict replacement to the VRTB west/ east midlands pilot area.

We will use receipts to fund both social and affordable rent general needs housing and shared ownership housing. This replacement will be for a range of property sizes subject to demand although the property will be self – contained.

As part of our new homes planning we will identify certain land led schemes (non grant funded) where we can develop shared ownership and/ or affordable housing properties as replacement homes.

The timing of the identification of the properties for replacement will be at any point from the start of the VRTB pilot up to 10 years post the completion date of the VRTB sales.

If all other possibilities have been exhausted the following types of properties may be counted as replacement homes but the replacement will **not** contribute to the national one for one commitment:

- Homes purchased on the open market
- Empty properties brought back into use
- Non-grant funded new build purchase of affordable homes from a developer

This will be by exception.

We will aim to replace homes in a similar location to those which have been sold, but due to the size and strategic geographical focus of our development programme, this will depend on where opportunities arise. Replacement is likely to be through homes delivered together on a new site rather than infill or as a few units on a number of larger sites

Exceptions

We will not count any of the following properties towards replacements:

- If any property has been development in part or total with funding from the Affordable Homes Programme
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- If the property has been delivered through Section 106 planning agreements, without the consent of Homes England (Homes England will provide consent where additionality can be demonstrated – i.e. would not have been built without the receipt from the VRTB sale)

Timescales

We will endeavour to use any receipts within a three-year period of completion of individual sales. This may depend on the volume of sales since replacement schemes will need to be financially viable in their own right. All amounts received will be used within 10 years of the date of receipt.

Reporting

We will compete quarterly reporting as required by MHCLG on replacement properties using VRTB receipts. This will include

- The scheme name
 - The number of properties
 - The location, tenure and number of bedrooms of properties
 - Whether the properties are new build or via acquisition
 - The Development cost
 - Funding method (e.g. by receipt and/or discount)
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Author: Name & Job Title Helen Williams – Commercial Property Team

Owner: Helen Williams – Commercial Team

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