Shaping Voluntary Right to Buy – note of the fifth meeting of the Sounding Board

The National Housing Federation chaired the fifth meeting of the Voluntary Right to Buy (VRTB) Sounding Board on 24 May 2016, consisting of the Federation, Department for Communities and Local Government, the Homes and Communities Agency, the Greater London Authority, Housing Ombudsman and members from a range of housing associations, reflecting the diversity of the sector in terms of type, size and operating markets.

The Board engaged in extensive discussions about the impact of VRTB on legacy and charity objectives, supported and sheltered housing, smaller housing associations, operating a non-standard portable discount, demand and budget management, communications approach and launch to VRTB, and updates from the application and sales and one for one replacement working groups.

The Board discussed the following issues. Any recommendations are subject to ministerial decision:

**Legacy and charitable issues**
The board discussed how the design of the VRTB scheme complies with the charitable and legacy objectives governing housing associations. It is clear that the scheme design should comply with charitable law requirements on associations and the core principles of the scheme are central to ensuring this. They are full market value compensation for sales, discretion around what is sold, and freedom on the tenure of replacement. The Board reaffirmed these underpinning principles and that the scheme design will meet charitable objectives.

**Recommendations from the supported housing workshops**
The Board received a paper about VRTB for tenants living in supported and sheltered housing. It was recognised that there were a number of issues that specifically affect these groups of tenants and providers. The policy design and implementation needs to account for the special circumstances of these groups.

The Board reaffirmed that the eligibility criteria for the discount ensures the scheme is only open to tenants with longer term tenancies. Tenants with a licence to occupy or assured shorthold tenancies (ASTs) are excluded. It was agreed that those on fixed term ASTs would count as contributing to the overall qualifying period set out within the eligibility criteria.

It was also agreed that the impact of the scheme on supported housing providers, in particular the portable element of the VRTB, should be given further consideration at the next Sounding Board meeting.
Impact of VRTB on smaller housing associations
The Board discussed aspects of VRTB most relevant to smaller housing associations and highlighted the importance of ensuring the scheme reflected the specific needs of this category of organisation.

Non-standard portable discount
The Board received a paper on the non-standard portable discount, an option that recognises that a small number of associations would find the standard portability process problematic. For example, small rural associations and some specialist providers who will have limited supply of existing stock available for porting and no development pipeline. The Board agreed some baseline principles of a non-standard portable discount. It was clear that only a minority of housing associations would fall into this category.

Applications and sales
The Board received a report from the application and sales working group and agreed with the group’s recommendations on tenants accessing the application form from their housing association; standardising process documents; and clawbacks, including proposals to limit sub-letting, cost floors, fraud and opportunism.

One for one replacements
The Board received a business case from the one for one replacement working group regarding the compensation split of 70:30. A discussion around paying 100% of the compensation upfront was led by members of the board who were housing associations.

Portal vs programme approach to budget management
The Board discussed in more detail the two preferred approaching to VRTB demand and budget management that would facilitate housing associations’ delivery of the scheme within the available budget envelope. It was agreed that a central portal approach to applications would be the preferred option but would be subject to review after the first year of implementation with a recommendation that the pilots continue to pilot the programme management approach.

Communications approach to development and launch of VRTB
The Board discussed communicating with the sector, managing the media and supporting housing associations in their communication with tenants. The Board asked for further work to be undertaken with DCLG in producing a detailed communications/media strategy with DCLG.

Research on pilot group update
The Board received a verbal update from the Centre for Regional Economic and Social Research team who are leading the action research on the pilot projects. The update covered areas such as why tenants want to exercise VRTB, the tenants’ experiences of the application process, the likely demand for VRTB, tenant affordability to buy their homes and any emerging issues.
It was agreed that the next meeting on 20 June would focus on a more in depth discussion on sheltered and supported housing, a communications/media strategy, and tax implications from VRTB and the overall implementation guide. It will also receive a report from the one for one working group and an update from the application and sales working group.