

Document Title	Voluntary Right to Buy Property Exclusions Policy
Version	Final v1.0
Release Date	August 2018
Review Date	August 2020
Extension Reason(s)	
Extension date approved	
Approver details	
Document Type	Policy
Sponsor	Paul Richards
Author	Tom Leon-Grimes



ORBIT

VOLUNTARY RIGHT TO BUY PROPERTY EXCLUSIONS POLICY

Executive Summary	This policy sets out the criteria by which properties are excluded from the Voluntary Right to Buy pilot. It links to the following policies and procedures: Voluntary Right to Buy Policy; Voluntary Right to Buy Portable Discount Policy; Voluntary Right to Buy Portable Discount Policy
Approved by	Customer and Communities Board – 19 July 2018 Executive Team – 20 July 2018 Orbit Group Board – 10 August 2018
EA completed	EA completed in July 2018 for the Voluntary Right to Buy policy and this EA covers this linked policy.
Explain how customers have been involved.	This is a level 3 document and does not require customer involvement
Consultation	Lettings, Tenancy Services, Home Ownership Services, Strategic Asset Management, Finance, External Affairs, Governance, Information Governance, Policy and Standards, Development, Customer Service Centre
Applies to	Home Ownership Services, Lettings, Tenancy Services, Strategic Asset Management

SCOPE: This policy sets out the criteria by which properties are excluded from the Voluntary Right to Buy pilot.

1. INTRODUCTION

- 1.1 In October 2015, the Government accepted a proposal put forward by the National Housing Federation, on behalf of its members, to deliver its commitment to extend the Right to Buy to housing association tenants by way of a voluntary agreement rather than legislation. This has come to be known as the Voluntary Right to Buy (VRTB). The Housing and Planning Act 2016 only enacted what was necessary to enable the Secretary of State to underpin the agreement.
- 1.2 The government has decided to pilot the VRTB with a number of housing associations in the West Midlands in order to fine-tune the scheme before a national roll-out. Two features of the pilot being tested are: portability and one to one replacements of properties sold.
- 1.3 For the precise geographical coverage of the pilot click [here](#). Orbit is one of the pilot organisations. The pilot commences on 16 August 2018 and will run until 15 August 2020.
- 1.4 Further information on the pilot can be found in the Government '[Voluntary Right to Buy \(Regional Pilot\) guidance for housing associations](#)'. Customers can find out more information about the process, eligibility, etc. on the government's VRTB website at <https://righttobuy.gov.uk/> or contact one of the Government's Right to Buy agent for initial advice and guidance <https://righttobuy.gov.uk/agent-service/>

2. DEFINITION

- 2.1 The VRTB agreement gives housing associations discretion as to which properties are excluded from the VRTB. This policy sets out the criteria which Orbit uses to exclude properties from the VRTB pilot.
- 2.2 Where a property is excluded from the VRTB pilot in line with this policy, the eligible tenant is offered to use the VRTB discount to purchase an alternative property offered by Orbit. This is known as 'portability'. Details can be found in the '[Voluntary Right to Buy Portable Discount Policy](#)'

3. EXEMPTION CRITERIA

- 3.1 The following table sets out the criteria by which properties are excluded from the Voluntary Right to Buy pilot.
- 3.2 The following exclusion criterion is aligned to our Asset Management Strategy, combined with Orbit's business plans.
- 3.3 Orbit reserves the right to review and amend the following exclusion criteria throughout duration of the pilot.
- 3.4 Detailed explanations for each exclusion criterion can be found in Appendix 1.

Criteria for exemption under the VRTB	Reasons for exclusion
Housing where a legal restriction prevents Orbit from being able to sell it e.g. – Section 106	To comply with Orbits contractual agreements and prevent any breach of legal duties

Where we cannot grant a long enough lease (21 years for a house and 50 years for a flat), or a lease prevents the creation of a further sub-lease	Legal statute has defined this requirement and prevents any covenant breach
Tied accommodation occupied because the tenant is employed by Orbit	Property provided for the purpose of housing employees working across Orbit
Properties which are not self-contained or are non-viable on their own i.e. – rooms in HMO's	Integrity of housing schemes for specialist accommodation
Properties as part of schemes with redevelopment potential, where splitting tenure structures would increase redevelopment or regeneration costs i.e. – first sale in a block / scheme.	To maximise the opportunity of Orbit redeveloping a scheme where we have identified a future community benefit, in line with our place making approach.
Properties that would be inappropriate to sell e.g. – if selling incurs a loss or would compromise a scheme if sold, or would not be commercially viable to sell	To protect Orbit's business / financial strength and strategic objectives
Properties that are not registered as being owned by Orbit	Properties where Orbit has yet to register its legal interest in the property.
Any property that is in low supply and high demand	To mitigate the impact on reduced stock levels for properties in high demand and low supply. Examples of these may include: bungalows or 4+ bedroom properties

3.4 Eligible tenants will be notified whether their current property is excluded from the VRTB pilot in line with this policy, following submission of the completed application. For timescales and further information see the [Voluntary Right to Buy Policy](#).

4. EQUALITY AND DIVERSITY

4.1 Orbit policies are developed in line with our Equality and Diversity policy approach. An Equality Analysis has been conducted and the details can be accessed through myPolicy. If you do not have access to myPolicy please contact the Policy and Standards team for a copy.

5. COMPLAINTS

5.1 Anyone is able to make a complaint about the service they have received and this is managed under our **Complaints Policy**.

6. DATA PROTECTION

6.1 Orbit collects information ('personal data') so that we can manage and support our relationship with our customers, comply with legal obligations, improve our services and achieve our legitimate business aims. We are committed to complying with data protection legislation when handling customers' data. Customers have rights around their data, including the right to access their data, and to object to the way it is processed. For more information on how and why we process customers' data, and how customers can exercise their rights, please see our full Privacy Policy on our website at www.orbit.org.uk/privacy-policy/.

7. MONITORING AND ACCOUNTABILITY

- 7.1 Compliance with this policy will be monitored by the Customer Services SMT through regular bi-monthly reporting. CSSMT will receive a report outlining the process of the pilot. Any issues will be highlighted and actioned.

8. REVIEW

- 8.1 This policy is time-limited for the duration of the VRTB pilot. We will carry out a fundamental review of this policy prior to the national roll-out of the VRTB to reflect any learning.

APPENDIX 1 – Criteria for exemption under VRTB with detailed explanations

Criteria for exemption under the VRTB	Reasons for exclusion
Housing where a legal restriction prevents Orbit from being able to sell it e.g. – Section 106	<p>To comply with Orbit's contractual agreements and prevent any breach of legal duties</p> <p>Detailed explanation Where Orbit has properties with legal restrictions in place, this will prevent us from selling the property. These legal restrictions can be in the form of Section 106 agreements, Legal Covenants, Clawbacks, Restrictions on Title and others.</p> <p>Further information Orbit will need to undertake a legal search via their Governance Team upon customer application. We are dependent on LA's and other 3rd parties for these searches, so cannot guarantee processing time.</p>
Where we cannot grant a long enough lease (21 years for a house and 50 years for a flat), or a lease prevents the creation of a further sub-lease	<p>Legal statute has defined this requirement and prevents any covenant breach</p> <p>Detailed explanation This exclusion restricts Orbit from selling the property to another purchaser due to the fact that Orbit does not hold the freehold for the property, and therefore cannot grant the purchaser with a lease long enough to allow them to purchase the property.</p>
Tied accommodation occupied because the tenant is employed by Orbit	<p>Property provided for the purpose of housing employees working across Orbit</p> <p>Detailed explanation This exclusion is in place to allow Orbit to retain properties specified for staff accommodation and similar, to ensure that the accommodation remains in place to enable the management of housing schemes.</p>
Properties which are not self-contained or are non-viable on their own i.e. – rooms in HMO's	<p>Integrity of housing schemes for specialist accommodation</p> <p>Detailed explanation This exclusion is in place to maintain our ability to continue to offer housing schemes with specialist accommodation, where there may be care and support packages in place or properties may be adapted. Properties that are non-viable on their own or self-contained refers to where a customer holds a tenancy on a room in a shared house (Houses of Multiple Occupation), or in a shared building that relies on shared facilities. The reason for this is that purchases cannot be made on a property that does not contain all of its own facilities i.e. kitchen and/or bathroom.</p>
Properties as part of schemes with redevelopment potential, where splitting tenure	<p>To maximise the opportunity of Orbit redeveloping a scheme where we have identified a future community benefit, in line</p>

<p>structures would increase redevelopment or regeneration costs i.e. – first sale in a block / scheme</p>	<p>with our place making approach. Detailed explanation This exclusion is in place to support Orbit's future development plans in building thriving communities. Where we have identified areas for development or re-development potential, we will restrict sales so that it prevents the need to buy-back certain properties within the development area, when Orbit decides to re-develop. This also applies to sales of flats within blocks whereby selling one flat could restrict Orbit's ability to develop/ re-develop that building.</p>
<p>Properties that would be inappropriate to sell e.g. – if selling incurs a loss or would compromise a scheme if sold, or would not be commercially viable to sell</p>	<p>To protect Orbit's business / financial strength and strategic objectives Detailed explanation This exclusion is in place to protect Orbit's financial strength, by not selling properties where Orbit will make a financial loss on the property once sold. This covers areas such as: not selling a property at a market value lower than what we built the property for; not selling the property for a market value lower than what the build cost and further maintenance investment costs amount to; not selling a property at a market value where repayment of any 'grant' funding against the property would result in a loss upon sale. The exclusion refers to 'compromising a scheme if sold' and this is a similar exclusion to the one above, where we have identified areas for development or re-development potential, we will restrict sales so that it prevents the need to buy-back certain properties within the development area, when Orbit decides to re-develop.</p>
<p>Properties that are not registered as being owned by Orbit</p>	<p>Properties where Orbit has yet to register its legal interest in the property. Detailed explanation For any number of reasons Orbit may not have registered our interest in some properties through Land Registry. The process of registering interest is a long one and it is unlikely these properties would be legally ready to be sold within the timeframes of the pilot.</p>
<p>Any property that is in low supply and high demand</p>	<p>To mitigate the impact on reduced stock levels for properties in high demand and low supply. For example: bungalows or 4+ bedroom properties</p>