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Sponsor	Paul Richards
Author	Tom Leon-Grimes



ORBIT

VOLUNTARY RIGHT TO BUY PROPERTY REPLACEMENT POLICY

Executive Summary	This policy sets out the principles of one to one replacement of properties sold under the Voluntary Right to Buy pilot. One to one replacement is a key principle of the Voluntary Right to Buy pilot. This policy links to the following policies and procedures: Orbit's Development Strategy; Voluntary Right to Buy Policy and Procedure; Voluntary Right to Buy Portable Discount Policy; Voluntary Right to Buy Property Exclusions Policy; Capital Funding Guide (VRTB Chapter)
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.	Customers have not been involved as this is a level 3 document.
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	Strategic Asset Management, Development

SCOPE: This policy sets out the principles and detail of one to one replacement of properties sold under the Voluntary Right to Buy pilot. This policy supports the Voluntary Right to Buy policy.

Reference to "Orbit" means Orbit Group which consists of Orbit Group Limited, Heart of England Housing Association Limited, Orbit South Housing Association Limited, Orbit Homes (2020) Limited, Orbit Treasury Limited and Orbit Capital Limited.

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 31 March 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 Every property sold under the Voluntary Right to Buy pilot must be replaced with a new-build property.
- 2.2 Replacement homes must be affordable housing which includes, but is not limited to: Social and Affordable Rent; Shared Ownership and other part rent part buy models; and Starter Homes.
- 2.3 The principles of this policy are in line with the Voluntary Right to Buy Government Guidance and Orbit's Development Strategy.

3. PRINCIPLES OF REPLACEMENT PROPERTIES ONE FOR ONE

- 3.1 Whilst the Government Guidance states that one for one replacements can be provided on a national basis, Orbit will endeavour, if practicable, to replace properties on a like for like basis in terms of its replacement tenure type, locality and bedroom size, in relation to the original property it replaces.
- 3.2 Replacement homes must be self-contained (i.e. have its own front door).
- 3.3 Any affordable home being developed as part of a current or future development pipeline can be included as replacement properties if Orbit can demonstrate additionality.
In order to demonstrate additionality Orbit must show that the affordable home being developed would not have been built without the receipt from the Voluntary Right to Buy sale.

- 3.4 Any property built (in part or total) with funding from the Affordable Homes Programme, cannot be included as a replacement property.
- 3.5 Receipts from this Pilot only can be used with recycled grant held in Orbit's Recycled Capital Grant Fund to deliver replacement units in line with the joint guidance. Orbit is not permitted to include any grant classified as Social Housing Assistance for replacement property.
- 3.6 Orbit must not count any property as a replacement home if it has been delivered through Section 106 planning agreements, without the consent of Homes England. Homes England will provide consent where you can demonstrate additionality.
- 3.7 In exceptional circumstances, if Orbit is clear that all possibilities have been exhausted, the following types of properties can be counted as replacement homes: Homes purchased on the open market; empty properties brought back into use; non-grant funded new build purchase of affordable home from a developer.
- 3.8 Homes purchased on the open market, empty properties brought back to use, and non-grant funded new build purchases of affordable homes from a developer will count as replacement homes but will not contribute to the national one for one commitment through new supply. Housing associations may consider working together to build replacement homes, for example, by joining or forming a development consortium.
- 3.9 For the purposes of the Midlands pilot, where Orbit is successful in clawing back all or part of the discount from the homeowner (for instance, where that customer resells or sublets the property within 5 years), Orbit will be permitted to retain this for the purposes of reinvestment in new build housing. Reinvestment must be in line with the requirements set out in the joint guide for investment in one for one replacement.

4. PRINCIPLES OF A DEVELOPMENT CONSORTIUM

- 4.1 Orbit will offer to develop new-build properties for other Housing Associations who are unable to build replacement properties themselves, as part of the Voluntary Right to Buy pilot.
- 4.2 Other Housing Associations entering into this Development Consortium will pay Orbit for the cost to replace the properties, along with any management fees, as agreed between Orbit and the other Housing Association in the Development Agreement.

5. RECORDING REPLACEMENTS

- 5.1 The ambition to deliver one for one replacement through new supply is on a national basis, not a local or regional basis; nor is it an obligation on individual associations. It is anticipated that some housing associations will be able to deliver replacements through new supply at a higher than one for one ratio. This

is necessary to ensure that the sector as a whole meets the national commitment to replace homes sold on a one for one basis through new supply.

5.2 Where Orbit achieves more in total sales receipts than the total cost expended to replace properties on a one for one basis, we will endeavour to demonstrate a greater replacement ratio than one for one.

5.3 Sales receipts, and the compensation discount, minus any transaction costs, will be held on Orbit's balance sheet. This is a voluntary scheme and there is no statutory compulsion to sell where full compensation is not forthcoming. Under the terms of the agreement, all net proceeds from sales should be spent on new supply (or in exceptional circumstances on acquisitions). We may also choose to direct additional resources towards replacement properties.

5.4 The Government's Voluntary Right to Buy Guidance stipulates that we may begin recording the delivery of replacement homes from the 'go live' date and in advance of sales taking place.

5.5 While aiming for replacement within two years, the default position under the terms of the agreement is that we would have flexibility to replace homes within a three year period. There is a 10 year backstop period, for exceptional situations where Orbit is not able to easily use the compensation to fund a replacement.

5.6 Information needed to record replacement homes will be limited to:

- Name of scheme development
- Number
- Location
- Tenure
- New build or acquisition
- Number of bedrooms
- Development cost (by land, works, on-cost)
- Funding (by receipt, discount, etc.).

5.7 Orbit will report on the number replacement properties built, in-line with Government requirements.

6. EQUALITY AND DIVERSITY

6.1 Orbit policies are developed in line with our **Equality, Diversity and Inclusion policy** approach. An Equality Analysis has been conducted and if you would like to see a copy please contact the Policy and Standards team.

7. COMPLAINTS

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

8. PRIVACY STATEMENT

- 8.1 Orbit collect information ('personal data') so that we can manage and support our relationship with our customers, staff, contractors and 3rd parties to comply with legal obligations, improve our services and achieve our legitimate business aims. We are committed to complying with data protection legislation when handling personal data. Everyone has 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/. For more information on how and why we process employee's data and how employees can exercise their rights, please contact HR.

9. MONITORING AND ACCOUNTABILITY

- 9.1 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.

10. REVIEW

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