

Right to Buy –

The Prime Minister has indicated his intention to raise Right to Buy discounts to a level which will make the scheme attractive again and rejuvenate the housing stock.

The following questions and answers cover the key points on the Prime Minister's announcement on Right to Buy. Further details will be published shortly as part of the Government's Housing Strategy.

1. What has the Prime Minister announced?

The Prime Minister has announced the Government's intention to raise Right to Buy discounts to make it attractive to tenants across England. The money raised will then be used to pay off the debt, and to fund more affordable housing. Under this new plan, for every home bought under Right to Buy a new affordable home will be built – over and above our existing plans.

2. Why are you changing the discounts available on Right to Buy?

Under the previous Government discounts were reduced to very low levels, which resulted in fewer people being able to take up this opportunity. We want to help people meet their aspiration for home ownership, whilst using the receipt to build more housing for affordable rent.

3. When will people be able to take up this offer of a greater discount?

More detail on the proposal will be provided in the Housing Strategy, which will be published shortly.

4 How are you going to do this?

Details will be set out in the upcoming Housing Strategy and we will be talking to the sector about details. We will, of course, be consulting widely on proposals to change the discounts. Changes will have to be made to secondary legislation.

5 How does this affect the Housing Revenue Account (HRA) reforms?

The reform of the HRA is and remains a key coalition housing policy and its timetable remains unchanged. We will ensure councils keep the proportion of the receipt needed to cover the debt associated with any property sold to ensure that each business remains viable.

6 Will tenants with the Preserved Right to Buy benefit from these discounts?

We will set out our proposals in the Housing Strategy. But our intention is that the offer will apply to tenants with the Right to Buy and Preserved Right to Buy.

7 Will landlords whose tenants have the Preserved Right to Buy be out of pocket?

We will set out our proposals in the Housing Strategy and will, of course, work with providers to ensure that the changes do not have a detrimental financial impact on providers whose tenants have the Preserved Right to Buy.

8 How will this affect housing association tenants with a Right to Acquire?

The Government does not intend to include tenants with the Right to Acquire under this scheme. The Right to Acquire is offered on a different basis to reflect the different tenancy and type of landlord. This has always been the case.

9. Where will the proceeds go?

Every additional pound generated by the sales will be invested in paying down the debt associated with that property and on building new housing for affordable rent.

10. The mortgage market has collapsed, surely no-one's going to be able to get a mortgage to exercise the new RTB?

Right to Buy tenants buy with significant discounts. This helps to reduce the risk for lenders because the mortgage is a lower proportion of the value of the house.

11 The banks won't lend to people on the sorts of incomes seen in social housing?

38% of social tenants are well-off enough not to need Housing Benefit and over 800,000 tenants are in full-time work. Nearly 60% of social housing tenants who are couples with children do not claim housing benefit. Therefore many social tenants will be able to meet the cost of the mortgage after allowing for the discount.