



Ministry of Housing,
Communities &
Local Government

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**Ministry of Housing, Communities & Local
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To Section 151 Officers of Stock-Holding
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Copies to operational contacts at the local
authorities

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Right to Buy receipts: increased flexibilities

Dear colleague

I am writing to provide further details on the increased flexibilities on the use of Right to Buy receipts which were announced today by the Deputy Prime Minister, as part of [the announcement in Parliament on housing and planning](#).

As the Deputy Prime Minister set out, the Government has started to review the increased Right to Buy discounts introduced in 2012 and will bring forward secondary legislation to implement changes in the autumn. There will also be a wider review of the Right to Buy, including looking at eligibility criteria and protections for new homes, on which the Government will bring forward a consultation, also in the autumn.

The Government has from today increased the flexibilities that apply to how local authorities can use their Right to Buy receipts.

For the two financial years 2024-2025 and 2025-2026:

- **The maximum permitted contribution from Right to Buy receipts to replacement affordable housing will increase from 50% to 100%.**
- **Right to Buy receipts will be permitted to be used with section 106 contributions.**
- **The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) will be lifted.**

These measures are in response to long-standing requests from local authorities for more freedom in the use of their Right to Buy receipts. They will apply to the use of receipts from 2019-20, enabling local authorities to use their existing stock of receipts to bring forward replacements more quickly.

The flexibilities will be in place for an initial 24 months, subject to review. We would encourage you to make the best use of these flexibilities to maximise Right to Buy replacements, to achieve the right balance between acquisitions and new builds, and to obtain the best value for money.

Increase in Right to Buy receipts contributions to 100%

This provision will enable local authorities to fund up to 100% of the cost of a replacement home from Right to Buy receipts. It will be at the discretion of local authorities to decide the levels of receipts contribution for their replacement programmes and to consider how to make best use of the receipts, together with additional funding, including borrowing, to maximise replacements.

Use of Right to Buy receipts with Section 106

Up to now expenditure supported by grants or financial concessions made under section 106 of the Town and Country Planning Act 1990 was not permitted to be used with additional Right to Buy receipts. However, for 2024-2025 and 2025-2026 the receipts may (a) fund acquisitions discounted under section 106 agreements and (b) be combined with section 106 grants to fund replacement social housing.

Lifting the Acquisition Cap

The cap on the percentage of replacements that can be acquisitions was introduced from 1 April 2022 on a phased basis, and was frozen at 50% until 2025-26. Now we are announcing that the cap on acquisitions will be taken off altogether for two years.

The provision will mean that local authorities have more freedom to acquire properties for replacement affordable housing, to enable replacements to be delivered more quickly. Local authorities will want to consider locally the best balance between acquisitions and new builds.

Review

The impact of the three provisions described above on the delivery of replacement affordable housing will be monitored and reviewed at the end of the two-year period.

Data Collection

None of the three provisions will require regulatory change. The increase in the maximum permitted contribution of Right to Buy receipts will require changes to the calculations in the annual pooling 'data' return. Full details on these changes will be sent in due course.

Next Steps

Updated guidance on retained Right to Buy receipts and their use for replacement supply will be made available to operational leads and will also be updated on Gov.uk.

We will update the agreements made with local authorities under Section 11(6) of the Local Government Act 2003 over the summer to reflect these changes and an updated agreement will be issued to local authorities.

Any receipts not spent will continue to be returned to MHCLG for distribution as grants for the provision of new affordable housing. These grants are distributed by Homes England and the Greater London Authority as part of the Affordable Homes Programme.

Copies of this letter have been sent to the operational contacts in each stock-holding housing authority.

If you have any further questions on the changes, or wish to pick up with me or with my colleagues, please contact ross.buchanan@levellingup.gov.uk (0303 444 3725).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Emma Payne', is positioned above the printed name and title.

Emma Payne
Director of Social Housing