

Use of Right to Buy Receipts for Affordable Housing

Housing & Regeneration Scrutiny Panel
3rd October 2016

Rules on use of Receipts

- Net receipts from July 2012 must be spent on replacement homes or returned
- Net receipt – sale proceeds less a number of permitted deductions to leave a residual amount
- One permissible deduction is the 6.5% buy-back allowance – allows 50% of costs to buy-back ex-council property (different rules to the 1-4-1 provision)
- Use of receipts limited to 30% of replacement homes cost; 70% match funding required
- Expenditure can be by another body but not if the Council has a controlling interest in that body

Permitted Use

- Social housing only (defined as “low cost” rented homes – this means up to 80% of market rent)
- Development costs, whether by council or partner (this can include upfront costs e.g. land assembly)
- Acquisitions
- Conversions from non-social housing (e.g. Shops)
- Can be used for homes outside borough boundary

Constraints

- Cannot be used for homes that are already social housing, or for land appropriated from General Fund
- Cannot be used for shared ownership homes
- Receipts cannot be applied to schemes which have grant (many RP schemes do)
- Money must be “spent” before it can be claimed, within three years of receipt
- If retained without being used, interest is charged (at 4% above base rate) with penalties
- We do not have the resources to meet 70% of costs (unless we borrow)

Position to date

Date	Receipts Available	Receipts Used	Receipts Returned	Receipts to be used	Date to be used by
2012/13	4,990,533	147,417	4,843,116	0	
2013/14	8,066,567	0	8,066,567	0	
2014/15	14,722,099	561,245	4,878,981	9,281,873	17/18
2015/16	9,828,231	0	7,870,695	1,957,536	18/19
2016/17 (Qtr 1)	3,537,503	0	3,537,503	0	
<i>Total</i>	41,144,933	708,662	29,196,862	11,239,409	

Possible Pipeline

- 500 White Hart Lane - £4m (from February 2017)
- Monument Way - £5m (from July 2017)
- Ashley Rd South - £5m (from March 2019)
- RP Grant Funding Scheme
- Acquisitions programme including leasehold homes on estate renewal sites
- Haringey Development Vehicle