

## **Right to Buy Update**

**March 2014**

### **Government initiatives**

There is still a planned increase in the total maximum % discount allowable for freehold houses. This was announced in January and is still scheduled to be introduced in May. This will apply to all current and new applications, at present there are approximately 40 cases where tenants would benefit from an increased discount and subsequent lower selling price.

Further to the increase in % discount the Government also announced the maximum cash discount of £75,000 would also be raised in line with CPI inflation. The amount that it is to be raised by is still to be confirmed.

The final part of the January announcement was that the current qualification criteria of 5 years tenancy will be reduced to 3 years. This is part of the deregulation bill which looks likely to be implemented in November of this year. More details of how this will work are yet to be released. At present a qualifying tenant gets 1% discount for every year of tenancy if they live in a house and 2% if they live in a flat or maisonette. This means that someone with 5 years tenancy would have a discount of 35% in a house and 50% in a flat (you automatically get 30% discount in a house and 40% in a flat)

The Government proposal was tenants with the minimum qualifying period of 3 years would still get a 35 or 50% discount, in affect giving the tenant a bonus 2 years additional discount.

### **Statistics and future projections.**

The current financial year continues to see an increase in the number of sales compared to recent previous years. As at the end of February the total sales figure is 225, (full year projection 243)

With the changes highlighted above the forecasted sales for the next two years are 265 and 290 respectively. However if the general housing market continues to pick up this in turn normally leads to increase in right to buy sales.

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