

## **Appendix 7 - Government Changes to Use of Right To Buy Receipts (Relating to 1-4-1 Part of the Receipt)**

- 1 On 30 July, the Ministry of Housing, Communities and Local Government (MHCLG) published updated guidance following the announcement of increased flexibilities on the use of Right to Buy (RTB) receipts for two years, although this period will be subject to review.
- 2 For 2024/25 and 2025/26 the following apply:
  - i. The maximum permitted contribution from RTB receipts to replacement affordable housing has increased from 50% to 100%. Therefore, retained receipts can comprise up to 100% of eligible spending on additional social or affordable housing.
  - ii. RTB receipts will be permitted to be used with section 106 contributions.
  - iii. The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) has been lifted but only until March 2026.
- 3 The changes apply to the use of receipts from 2019/20.
- 4 The change in allowed use of the 1-4-1 receipts negates the need to borrow for the period for which the flexibility is proposed.
- 5 The relaxation is from now to March 2026 (20 months) and allows the HRA to finance 100% of eligible 1-4-1 expenditure using receipts generated during the last 5 years rather than the requirement to match fund 50%, and has also removed the cap on the number of acquisitions for this period.
- 6 The HRA is also able to formally apply for 1-4-1 receipts generated during 2024/25 and 2025/26 to be utilised under the same regime, enjoying the same flexibilities as the accumulated 1-4-1 receipts.