Ministry of Housing,
Communities &
Local Government

Ministry of Housing, Communities & Local Government
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Dear Chief Executive,

Social Housing Bill - Right to Buy Reforms

I am writing to update you on the Government's reforms to the Right to Buy, which are being taken forward through the Social Housing Bill. As the Government set out in its response to the 2024-25 consultation on the Right to Buy, the reforms are intended to support a fairer and more sustainable Right to Buy scheme, helping to protect much-needed social homes while maintaining a route into home ownership for eligible long-standing tenants.

The Bill completed its passage through the House of Lords on 1 September and is now continuing its passage through the House of Commons. Subject to Parliamentary timescales, we are seeking to secure Royal Assent at the earliest opportunity before the end of this Parliamentary session.

I wanted to ensure that you are aware that a number of the Right to Buy measures in the Bill will be implemented from Royal Assent. The measures that will come into force upon Royal Assent are:

- increasing the eligibility period from 3 to 10 years of public sector tenancy;
- introducing a new discount structure, starting at 5% of the property's value and rising by 1% for each additional year of tenancy, capped at 15% or the cash discount cap, whichever is lower;
- exempting newly built social and affordable homes from the scheme for 35 years;
- introducing exemptions from the scheme for homes in National Parks, Areas of Outstanding Natural Beauty and areas designated as rural; and
- making corresponding changes to the Right to Acquire scheme, while retaining existing Right to Acquire discount levels.

The remaining Right to Buy measures are expected to come into force two months after Royal Assent. These include:

- preventing repeat use of the scheme, subject to specified exceptions;
- preventing existing residential property owners from buying under the scheme, subject to specified exceptions;
- exempting council homes let at market rent;

- extending the statutory timescales for processing applications and allowing councils to pause those timescales for up to six months where fraud is suspected;
- increasing the discount repayment period if the property is resold from five to 10 years; and
- extending the former landlord's right of first refusal when the property is resold from 10 years to an indefinite period.

Until the relevant provisions come into force, councils should continue to process applications under the current rules. A valid application received before the new measures come into force will continue to be handled in line with the legislative framework and scheme rules in place at the time of application. We will update existing guidance to support councils and tenants in managing the transition to the new arrangements.

I also wanted to ensure that you are aware of the changes to the process for designating areas as rural for the purposes of the Right to Buy. Under the current process, local authorities apply to the Secretary of State to designate an eligible area, and the designation is then made by a statutory instrument. Upon Royal Assent of the Bill, the new exemption from the Right to Buy for rural properties will apply to homes in National Parks, Areas of Outstanding Natural Beauty and areas currently designated as rural.

After Royal Assent, the government will lay regulations to define the criteria for rural designation and allow local authorities to designate eligible areas themselves. The criteria will remain the same: an area must have a population of no more than 3,000 and a population density of no more than two people per hectare. The power for local authorities to make designations will be commenced later, once the regulations are in place and we will update you on this in due course.

There will be a transition period, during which existing rural designations will continue to apply and local authorities will be able to assess eligible areas and make and publish new designations. The government currently intends the transition period to last at least 12 months, with the final duration to be confirmed. As part of this process, local authorities with existing designations will want to review the areas currently covered and take account of any changes since designation, including where areas have become more urban.

At the end of the transition period, the existing designation regime will end, and the new local designations will take effect. This is intended to avoid a gap between the existing and new regimes. Local authorities that want the rural exemption to continue to apply in an area currently designated will therefore need to make a new designation before that date. If they do not, the existing designation for that area will cease to apply. Local authorities will be required to publicise designations and any subsequent revocations, so tenants and landlords can check whether a home is in a designated rural area. We will provide further guidance on the implementation timetable, transition period and the steps local authorities will need to take before the new system takes effect.

The reforms in the Social Housing Bill will also allow the Secretary of State to set rules governing the use of Right to Buy capital receipts through a determination. This will result in administrative efficiencies for councils and central government, as it will no longer be necessary to issue a revised receipt retention agreement for all stock holding councils whenever the rules are changed. Depending on the timing of Royal Assent and commencement of the new determination power, it may be possible to move directly to a general determination rather than issue revised retention agreements. If the new power is not available in time, revised agreements will be used to implement the increased flexibilities on receipts. We will provide

further information on this process following Royal Assent, once the route and timing are confirmed.

To support communication with tenants, we have attached a factsheet, **"Right to Buy Reforms: Information for Tenants"**, which explains the proposed changes. The factsheet has been published on GOV.UK (Right to Buy reforms: information for tenants - GOV.UK) so that tenants can access it directly, but we are also asking for your help in disseminating.

We would be grateful if you could take prompt steps through appropriate local communication channels to share the enclosed tenant factsheet, including through direct communications with tenants and publication on council websites, so that affected tenants are aware of the forthcoming changes and know where to access further information.

We recognise that councils will be considering the operational implications of these reforms and are grateful for your continued engagement as implementation progresses.

If you have any questions, please do contact rtb@communities.gov.uk.

Yours sincerely,



Becky Perks
Deputy Director, Local Authority Housing
Ministry of Housing, Communities and Local Government

Right to Buy Reforms: Information for Tenants

Introduction

The government is reforming the Right to Buy to better protect much-needed social homes, while maintaining a route to home ownership for long-standing tenants.

This factsheet explains:

- the forthcoming changes to the Right to Buy scheme that are being implemented through the Social Housing Bill
- when these changes are likely to come into force
- what the changes could mean for you

If you are considering applying for the Right to Buy, speak to your landlord and check the latest guidance on GOV.UK.

To have your Right to Buy application considered under the existing rules, you will need to make an application to your landlord using the Notice claiming the Right to Buy (RTB1 form) before the Social Housing Bill gains Royal Assent. The date upon which the Social Housing Bill will gain Royal Assent is currently unknown but the Bill is approaching its final stages of parliamentary passage.

Previous changes

Right to Buy discounts were reduced in November 2024

In November 2024, following a review of the increased discounts introduced in 2012, the maximum cash discounts available through the Right to Buy were reduced.

The maximum discount now ranges from £16,000 to £38,000, depending on where you live in England.

Councils can also retain 100% of receipts from sales to support the delivery of replacement homes.

Upcoming changes

Following a public consultation in 2024 to 2025, the government is making further reforms to the Right to Buy through the Social Housing Bill, which is being debated in Parliament. These measures are not yet in force. They will come in after the Bill finishes all Parliamentary stages and gains Royal Assent. As of November 2026, the Bill is approaching its final stages of parliamentary passage.

1. Longer eligibility period

Currently, tenants become eligible for the Right to Buy after 3 years as a secure tenant. These 3 years do not need to be consecutive or with the same landlord. The minimum qualifying period will increase to 10 years once the Social Housing Bill gains Royal Assent.

This change is intended to ensure that it is long-standing tenants who have lived in, and paid rent on, their social homes for many years that are able to buy through the scheme.

Example: You have 8 years of qualifying tenancy when the new rules come into force. You would need a further 2 years of qualifying tenancy before becoming eligible to buy your home under the Right to Buy scheme.

2. New discount structure
The government plans to change how discounts are calculated.

For both houses and flats, discounts will:

- start at 5% of the property's value (on reaching the minimum eligibility period of 10 years)
- increase by 1% for each additional year of tenancy
- be capped at 15% of the property's value or the cash discount cap (the maximum cash discount allowed by law), whichever is lower

This will mean that those who have been tenants for longest will get the largest discounts. This new discount regime will come into force once the Social Housing Bill gains Royal Assent.

Example: You have been a secure tenant for 12 years and want to buy your home under the Right to Buy. If eligible, you would receive a discount equivalent to 7% of the property value, or the maximum cash discount in your area, whichever is lower.

3. New-build homes not included
Once the Social Housing Bill gains Royal Assent, newly built social homes will not be available to purchase under the Right to Buy until 35 years after the homes were built.

This will give councils greater confidence to build new homes by ensuring they are not sold before the costs of building them have been recovered.

Example: If a new social home is completed in 2027, it would not become eligible for purchase under the Right to Buy until 2062.

4. Rural homes excluded
Once the Social Housing Bill gains Royal Assent, you will not be able to buy your home if it is in a National Park, Area of Outstanding Natural Beauty or an area designated as rural, because these homes are particularly hard to replace. You should check your council’s website or contact your landlord to find out whether your home is in a designated area.

5. Council homes for market rent
Homes rented by councils at market rent (rent charged at local private rental market levels) will be exempt from purchase under the Right to Buy. This will allow councils to use more income from those homes for the building of new social homes.

6. Restrictions on repeat use of the scheme
If you have previously exercised the Right to Buy, you will not be able to use the scheme again unless you have had to leave the home you purchased because of domestic abuse or because of a breakdown of a marriage or civil partnership.

7. Existing property owners not able to buy
If you own a residential property (in the UK or elsewhere), you will not be able to buy under the Right to Buy scheme unless you have had to leave a home because of domestic abuse.

8. Increased timescales for processing applications and increased fraud protections
To support councils with the processing of Right to Buy applications, the timescales for processing applications will be increased:

- the period for issuing notices confirming the Right to Buy (RTB2) will increase from 4 to 8 weeks (and from 8 to 12 weeks where the applicant has had a tenancy with another public sector landlord)
- for notices which set out the landlord's Right to Buy offer (Section 125 notice), the timescale will increase from 8 to 12 weeks for houses and from 12 to 16 weeks for flats and leasehold houses

The government plans to introduce additional safeguards against fraud, including permitting councils to pause application timescales during fraud investigations, for up to 6 months.

9. Longer repayment period if a property is resold
The period during which you may need to pay back a percentage of the original discount if you resell the property will increase from 5 years to 10 years. The amount that may need to be repaid will be higher if you seek to sell your property soon after purchase. This is to discourage profiteering.

Under the new rules, if you sold your property up to 1 year after purchasing under the Right to Buy, you would need to repay the full discount to your former landlord. If you sold it between 1 and 2 years after purchase, you would need to repay 90% of the discount. The amount of discount repayable decreases by 10% for every additional year and after 10 years no money would be repaid to your former landlord if you sold your home.

10. Increasing the right of first refusal period
Currently, for the first 10 years after the sale of the property, when the property is resold, you must first give your previous social landlord the opportunity to buy the home back.

This period of first refusal will be made indefinite for sales after the reforms come in, so that the former landlord will be given the opportunity to buy back the home every time it is resold.

Example: If you wanted to sell your home 15 years after buying it, you would need to give your former landlord the opportunity to buy it first. The landlord does not have to buy the property. If they choose not to do so, you can then sell it on the open market.

11. The Right to Acquire
The Right to Acquire scheme for housing association tenants will be changed in line with the changes to the Right to Buy. Right to Acquire discounts will remain the same, at between £9,000 to £16,000, depending on where the home is located.