

Committee	Date:
Investment Committee	14 May 2015
Subject: Social Investment Fund and Right to Buy	Public
Report of: Chief Grants Officer	For Information

Summary

Following a question raised at your meeting on 16 January 2015, officers undertook to report back on the level of investment risk the City of London Corporation Social Investment Fund faced from Right to Buy.

There is currently no investment risk from Right to Buy. The 2015 Conservative Party manifesto includes a pledge to extend Right to Buy to housing association tenants, but it is not possible to quantify at this stage what impact this might, but it is not expected to be considerable.

Recommendation

Members are asked to:

- Note the report.

Main Report

1. Right to Buy allows certain categories of council house tenant to buy the property they live in at substantial discount (£77,000 - £102,700). The Right to Buy applies where the property is: self-contained, the tenant's only or main home, where the prospective buyer has a secure tenancy (i.e. the right to live in the property for the rest of their life so long as they abide by the rules of the tenancy agreement) and where the landlord is a public sector body.
2. Currently none of the City of London Corporation's Social Investment Fund's holdings are subject to risk of impairment as a result of right to buy. Where investments are in residential property ventures, the landlords are charitable rather than public sector, and secure tenancies are not used.
3. It is worth noting that the 2015 Conservative Party manifesto includes a pledge to extend Right to Buy to housing association property. It is currently unclear whether the same discounts and eligibility criteria that apply to local authority homes would apply to this extension of Right to Buy. In the absence of such detail it is hard to quantify the risks this may pose to holdings in the City of London's social investment fund.

4. Should Right to Buy be extended to housing association property the actual take up may be relatively low. Approximately two thirds of housing association tenants receive housing benefit, and only one quarter of households have anyone in full-time work.

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