

The Housing (Right to Buy) (Cost Floor) Determination 2024

The Secretary of State for Housing, Communities and Local Government, makes the following determination in exercise of the powers conferred by sections 131(1) and (3) of the Housing Act 1985.¹

Citation, commencement and application

1. (1) This determination may be cited as the Housing (Right to Buy) (England) (Cost Floor) Determination 2024 and came into force on 21 November 2024. It should be read alongside the Housing (Right to Buy) (Limits on Discount) (England) Order 2024, which also came into force on 21 November 2024.²
- (2) This determination applies where: -
 - (a) a tenant's notice under section 122 of the Housing Act 1985 (tenant's notice claiming to exercise the right to buy) is served on or after 21 November 2024; and
 - (b) the dwelling-house to which the notice relates is situated in England.

Interpretation

2. (1) In this determination –
 - “the Act” means the Housing Act 1985;
 - “cost floor” means the amount mentioned in section 131(1) of the Act (limits on amount of discount);
 - “costs” do not include any adjustments made as a matter of internal accounting following the appropriation of any land or dwelling house.
- (2) In this determination, a reference to a numbered section is to the section of the Act bearing that number.

The cost floor

3. Subject to paragraph 10 below, the cost floor for a dwelling-house is equal to the aggregate of the costs attributable to the dwelling-house which are, in accordance with the following provisions of this determination, to be treated as relevant costs and as incurred within the period determined in accordance with section 131(1)(a).

¹ 1985 c.68; section 131 was amended by section 122 of the Housing Act 1988 (c. 50.).

² [The Housing \(Right to Buy\) \(Limits on Discount\) \(England\) Order 2024](#).

Costs incurred in the relevant period

4. Costs are to be treated as incurred for the purposes of s.131(1)(a) at or after the beginning of the thirty year period, which is the specified period of time used to calculate the cost floor (this will be the previous thirty years from the date on which the tenant exercised their Right to Buy by written notice)³ provided those costs were paid on or after the thirty year period began.

Relevant costs

5. (1) Subject to the following provisions of this determination, the amount to be treated as relevant for the purposes of section 131(1) is the aggregate of the following costs incurred by the landlord (or any predecessor of the landlord which is a body specified in sub-paragraph (2) below) –
- (a) the costs of construction of the dwelling-house (including site development works and the acquisition of land);
 - (b) the costs of acquisition of the dwelling house;
 - (c) the costs of works initially required following the acquisition of the dwelling-house by the landlord to put it into good repair or to deal with any defect affecting it, except where the dwelling house was acquired under Part XVI of the Act (assistance for owners of defective housing) or from a body mentioned in sub-paragraph (2) below or from a person who acquired it from such a body;
 - (d) where the aggregate of the costs of works of repair or maintenance or works to deal with any defect affecting the dwelling house (except works within paragraph (c) above) exceeds the sum of £5,500, the costs in excess of that amount; and
 - (e) the costs of other works to the dwelling-house, except those costs for works which are excluded under paragraph (c) and costs of the kind mentioned in paragraph (d).

- (2) Any of the following is a body referred to in sub-paragraph (1) –

³ Section 122(2) of the 1985 Housing Act sets out the definition of “relevant time” in relation to an exercise of the right to buy as meaning the date on which that notice is served.

- (a) a local authority;
- (b) a private registered provider of social housing;
- (c) a body registered as a social landlord in the register maintained under section 1 of the Housing Act 1996;
- (d) a body registered as a social landlord in the register kept under section 20(1) of the Housing (Scotland) Act 2010;
- (e) Housing Corporation;
- (f) Homes and Communities Agency (known as 'Homes England');
- (g) Housing for Wales;
- (h) a development corporation;
- (i) the Commission for the New Towns;
- (j) the Development Board for Rural Wales;
- (k) an urban development corporation;
- (l) a mayoral development corporation;
- (m) a housing action trust established under Part III of the Housing Act 1988

(housing action trust areas)⁴

(n) English Partnerships.

(3) In this paragraph, "local authority" includes the Greater London Council, the Inner London Education Authority, residuary bodies established under section 57 of the Local Government Act 1985,⁵ the Greater London Authority and the Inner London boroughs.⁶

⁴ See s.60 of the Housing Act 1988 (c. 50).

⁵ 1985 c.51.

⁶ See the definition of "inner London boroughs" in paragraph 1 of Schedule 1 to the Interpretation Act 1978 and Part 1 of Schedule 1 to the Local Government Act 1963.

Costs excluded from relevant costs

6. The following costs must be excluded from the costs aggregated under paragraph 5(1) of this determination –
 - (a) costs paid on or after the relevant time unless –
 - I. the landlord has before that date entered into a written contract for carrying out the works; or
 - II. the tenant has before the date of service of the landlord's notice under section 125 (landlord's notice of purchase price and other matters) agreed in writing to the carrying out of the works;
 - (b) costs to the extent that they are unreasonably incurred;
 - (c) administrative costs;
 - (d) interest;
 - (e) costs of acquisition from a body mentioned in paragraph 5(2) of this determination.
 - (f) any costs which are recoverable by the landlord as a service charge or an improvement contribution.

Re-acquisition of dwelling-houses previously sold at a discount

7. (1) Where the dwelling house was previously disposed of by the landlord (or a predecessor of the landlord) and subsequently re-acquired in circumstances in which discount was recovered in whole or in part, only the net costs of the re-acquisition and other relevant costs incurred after re-acquisition are to be taken into account in arriving at the cost floor in accordance with the provisions of this determination.

(2) In this paragraph "net costs" means costs net of any discount recovered.

The Extended Right to Buy

8. In a case where the right to buy has effect with such modifications as are specified by an order under section 171 (power to extend the right to buy), the references to the landlord in paragraphs 5 to 7 include references to the freeholder and any immediate landlord.

Estimates

9. Where the amount of any relevant costs or payments cannot readily be

ascertained, the landlord must estimate such costs or payments for the purposes of calculating the cost floor for the dwelling-house.

Cost Floor of less than £5,500

10. There is to be excepted from the requirements of section 131(1) any case where the cost floor for the dwelling-house is less than £5,500.

Revocation

11. The Housing (Right to Buy) (Cost Floor) Determination 1999 is revoked.

Signed by the authority of the Secretary of State for Housing, Communities and Local Government.

Becky Perks

07 February 2025