

HomeBuy Bonus Repayment

Discount available when a tenant purchases under the Social HomeBuy scheme is subject to repayment on the same basis as under the Right to Buy scheme. If a Social HomeBuy purchaser resells their home within five years of the date of purchase they will be required to repay their discount as set out below:

- a) Sale within year 1, all of the discount is repaid
- b) Sale within year 2, 80 per cent of the discount is repaid
- c) Sale within year 3, 60 per cent of the discount is repaid
- d) Sale within year 4, 40 per cent of the discount is repaid
- e) Sale within year 5, 20 per cent of the discount is repaid
- f) No repayment is required after five years

The calculation of the amount of discount to be repaid is based on the amount of discount as a proportion of the property value at the time of purchase and the price paid on resale.

Example 1 – No Change to Property Price

Property value at purchase = £200,000 under a 25% purchase

Total equivalent RTB discount = £103,900 so HomeBuy Bonus = £103,900 X 25% = £25,975.

If property sold in Year 1 = repayment = £25,975 X 100% = £25,975

If property sold in Year 3 = repayment = £25,975 X 60% = £15,585

Example 2 – 10% increase in Property Price

Property value at purchase = £200,000 under a 25% purchase

Total equivalent RTB discount = £103,900 so HomeBuy Bonus = £103,900 X 25% = £25,975.

Price of Property on Resale £220,000 = a 10% price increase

If property sold in Year 1 = repayment = £25,975 X 100% = £25,975

Plus 10% uplift reflecting increase in property price = £28,572.50 total repayment

If property sold in Year 3 = repayment = £25,975 X 60% = £15,585

Plus 10% uplift reflecting increase in property price = £17,143.50 total repayment