

right to buy



Right to Buy

In 2004 the Government passed the Housing Act 2004 which made some significant changes to the Right to Buy and Right to Acquire schemes. These changes include the legal obligation for Housing Associations to explain how the Right to Buy or Right to Acquire schemes work to each new tenant, or on the creation of a new tenancy.

This document aims to answer the main questions that people ask us, to help you understand more about Right to Buy and Right to Acquire, and provides the information required in the 2004 Housing Act.

These schemes are statutory schemes which are set in law and therefore Three Rivers Housing Group have very little choice over who is accepted and rejected; these schemes may be altered from time to time by acts of parliament and Three Rivers Housing Group will always inform you of significant changes as and when they affect you.

There are a number of similarities between the Right to Buy (RTB) and Right to Acquire (RTA) as they are based on the same legislation and these will be highlighted throughout this booklet.

Who has the Right to Buy?

Secure tenants have the Right to Buy. Three Rivers Housing Group does not create “new” secure tenancies so the Right to Buy will normally apply to long standing tenants.

If your tenancy started before January 18th 2005 you must have been a tenant for two years before we can accept your application.

If your tenancy started after January 18th 2005 you need to have been a tenant for five years before we can accept your application.

Secure tenants who have previously lived with another housing association, a local authority or other public landlord can have these tenancies taken into account.

If you are moving into a home owned by a landlord within the public sector for the first time then you will probably not have the RTB. This is also the case if you are moving, or have previously moved from, one social landlord to another, however special conditions apply if you are subject to a stock transfer and the home you live in is transferred from one public sector landlord to another.

Secure tenancies that are subject to a possession order or demotion under Antisocial Behaviour Act 2003 will not have the Right to Buy or Acquire whilst these are in force.

Who has the Right to Acquire?

Assured tenants have the Right to Acquire, if they have the appropriate qualifying period and property type.

If your tenancy started before January 18th 2005 you must have been a tenant for two years before we can accept your application.

If your tenancy started after January 18th 2005 you need to have been a tenant for five years before we can accept your application.

Assured tenants who have previously lived with another housing association, a local authority or other public landlord can have these tenancies taken into account. These tenancies do not have to run together and there can be gaps.

If the home you live in was transferred from one social landlord to another with you insitu then you may have the Right to Acquire if you do not have the right to buy.

Which homes might not qualify for the Right to Buy?

There are some homes that Three Rivers Housing can refuse to sell under the Right to Buy scheme.

The full list of circumstances where the Right the Buy does not exist is fairly extensive, but usually it is in the following cases:-

- Sheltered homes for the elderly, or for people with a disability
- Homes due to be demolished where the necessary legal work has been completed
- Homes being used as temporary accommodation before development of the land
- Homes that are not self contained e.g. bedsits or supported housing schemes
- Homes in rural areas as determined by acts of parliament

The other exceptions are very unlikely to apply to homes owned by Three Rivers, and we can give you a full list if you require. If we reject an application because the property doesn't qualify for Right to Buy, we would give a full explanation and reasons, however the majority of rejected applications are on the grounds of having the wrong tenancy type.

If we refuse an application for the Right to Buy because we believe it is for a home which is particularly suitable for elderly people, you have the right to challenge the refusal by applying to the Residential Property Tribunal. We would give you full details if we formally refuse your application.

Which homes might not qualify for the Right to Acquire?

The Right to Acquire applies to homes that were built with government grant funding after 1st April 1997.

Homes that were built before that date, or after without any public subsidy will not have the Right to Acquire.

As with the Right to Buy there are certain property types that are exempt, indeed the list is very similar to those exempt types stated in the section above regarding Right to Buy.

How do I start the Right to Buy process?

The first step is to ask us for an RTB1 application form. You can obtain these from our Head Office or one of our housing offices. Alternatively, you should call the main office number or our Home Ownership team on 0191 375 3729.

When you send back your completed form, we will consider it together with all the circumstances relating to your tenancy and your home, and send you an RTB2 form which confirms whether or not the Right to Buy exists in our opinion.

If the application is rejected we will always explain the reasons on that form and how you can challenge the decision. We must do this within a set timescale set down in law.

If we agree that the Right to Buy exists we will arrange for your home to be valued and then issue a formal offer within a set timescale. If you have previously purchased under the Right to Buy or Acquire any discount you have received would be taken from the current applicable discount.

The offer will confirm details of our proposed sale including:

- The valuation
- The discount allowed
- The purchase price
- Improvements you have made that have been discounted
- The service charge to be paid (if any)
- The ground rent payable
- How to challenge the valuation of the property
- How delays are dealt with

If you accept the offer, you need to confirm this in writing together with details of your legal representative so that our Solicitor can issue the legal documentation. You have a fixed timescale to decide if you want to proceed; if you withdraw or do not proceed within this timescale then you may reapply in the future but the property will be re-valued.

The legal representatives would then deal with the matter to completion within a reasonable period of time. If either you or we feel that the other party is unduly delaying the process then either can serve notices on the other and how this is done is explained later in this leaflet.

How do I start the Right to Acquire process?

The application process for Right to Acquire is the same as the Right to Buy application process as stated above.

The form you will need to ask for is RTA1 when you wish to apply for the scheme. Again these forms are available from our main office and housing offices in Hartlepool and Sherburn Road.

How much would I pay for my home?

If you have the Right to Buy the price will be the market value of the property as set by an Independent Valuer appointed by Three Rivers (or the District Valuer if that assessment is challenged), minus whatever discount is allowable based on the length of tenancy (including any other periods as a secure tenant with another qualifying Landlord).

The discount is on a sliding scale. For example:

- If your tenancy started before January 18th 2005 you would initially after two years get a discount on a flat of 44% and on a house of 32%

The maximum discount for a flat is 70% of the valuation after 15 years of tenancy and for a house is 60% of the valuation after 30 years of tenancy.

There is a maximum cash limited discount figure that is set by the Government. In all the areas that Three Rivers have homes this is £22,000 regardless of the % discount applicable.

The following table gives some examples of how prices could be calculated.

Type of home	Valuation	Qualifying period	Discount entitlement	Maximum entitlement (cash limit)	Price payable
Flat	£100,000	20 yrs	70% = £70,000	£22,000	£78,000
House	£100,000	20 yrs	50% = £50,000	£22,000	£78,000
Flat	£42,000	5 yrs	50% = £21,000	£22,000	£21,000
House	£42,000	5 yrs	35% = £14,700	£22,000	£27,300

With the **Right to Acquire** the discount is a fixed sum of money. This figure is set by the government and is usually £9,000 or £10,000 in the areas where Three Rivers have homes.

As long as the length of your tenancy meets the minimum required period the discount is fixed, there is no additional discount for longer tenancies.

For example:

- If you had 7 years public sector tenancy and your home is worth £100,000 and the applicable discount is £10,000 then the purchase price of your home would be £90,000

- If you had 2 years public sector tenancy and your home is worth £100,000 and the applicable discount is £10,000 then the purchase price of your home would be £90,000

What happens if the process is held up?

When Three Rivers receives an application, we have to prepare an offer within 8 weeks for a house and 12 weeks for a flat.

If we do not make an offer within these timescales, you and your solicitor can serve a 'Notice of Delay' which, if justified, can lead to any rent payments that you make being regarded as reductions from the purchase price until the issue is resolved.

You can also serve notice if you feel that Three Rivers are intentionally delaying beyond set time scales later down the process.

Three Rivers may serve notices that can lead to the Right to Buy application being withdrawn if we feel that you are deliberately not moving towards completing the purchase.

In all cases the purchase price is based on the value of the property on the day Three Rivers received the application.

With the Right to Acquire there are similar notices of delay that can be served if either party are holding up the process and the reply periods for applications and offer notices are the same as the Right to Buy.

What is the cost of buying my home?

Three Rivers would pay for the valuation process and our Solicitors' costs.

You would pay for:

- Your survey costs
- Your legal costs
- Any Stamp Duty (based on the purchase price)
- Any fees and costs associated with taking out a mortgage

These costs may vary and you should make sure that you are fully aware of what these charges are likely to be before committing to the purchase. We would advise you to talk to other people who have bought and discuss your options with a mortgage advisor. We would not advise you to enter into any agreement until you have received the offer notice detailing the sale price and you have decided to proceed with your purchase.

What are the regular costs after buying my home?

After you have bought your home there are other costs that you need to consider. These may include:

- Regular payment of any mortgage or loan for your home
- Property insurance, life insurance and mortgage protection
- Service charges and bills for major repairs
- Paying for repairs and external decoration

We would point out that if you don't make regular payments on your mortgage or any other loans secured against your home there is a risk that your lender may repossess your home.

You would also need to pay the usual bills that go with living at home, such as:

- Council Tax
- Water rates
- Gas and electricity bills
- Other utility bills

What about service charges, general repairs and maintenance in flats?

Many Three Rivers residents mainly those in flats, occasionally some with elements of shared space pay a service charge for cleaning, lighting and gardening in communal areas, and for scheme staff. You would need to carry on paying your regular service charge after you have bought your home.

In addition, repair costs for day-to-day items and major works like new windows, door entry systems and similar items would have been covered by your rent when you were a tenant, but after Right to Buy or Right to Acquire you would need to pay into a service charge or repair fund.

Repairs to the inside of your home will be your responsibility.

There is also a fee for Three Rivers ongoing management of the property and any communal services, and accountants' costs for preparing annual service charge accounts.

In some cases, particularly for flats, Three Rivers will continue to insure the property and include the premium charge within the service charge. You will still be responsible for your own contents insurance.

When we make an formal offer to sell a flat under Right to Buy or Right to Acquire, we include a five-year projection of these costs as a guide. These can increase due to inflation and / or the change in price of a particular contract.

Whenever any large amounts are spent, particularly on repairs or maintenance, we consult with all owners who are affected.

What about service charges, general repairs and maintenance in houses?

If you buy your house under Right to Buy or Right to Acquire you will be responsible for the maintenance of the whole of the property, including specified boundaries.

This is one of the major changes from being a tenant to becoming a home owner and you should consider if you can afford the long term maintenance and replacement costs of your home in addition to any emergency costs, for example if a pipe bursts.

Your offer notice will detail any structural problems that we are aware of and we would always suggest that you have a thorough survey carried out as there may be problems that we don't know about.

In short you should consider if you can afford the initial set up costs of buying your home from Three Rivers and you should also think about the ongoing costs of being a homeowner including emergency repairs and maintenance as these will be your responsibility.

If you are unable to keep up payments on a mortgage or any other loan secured against your home then there is a very high likelihood that you would be repossessed by the lender. This means that you would lose your home and this would affect your credit history significantly.

What if I want to Sell my home in the future?

If you wish to sell your home you can do so at any time however there will be potential financial and time implications that you should consider in addition to the ongoing responsibilities and costs of being a home owner.

When you are selling a property that was purchased under RTB or RTA you may be liable for the repayment of all or part of the original discount or may be subject to the right of first refusal.

In general if you purchased your home after the 18th January 2005 under a statutory scheme then you should anticipate repaying an amount representing the value of the discount you received.

The calculation of the discount repayment takes into account any change in valuation of the home since it was purchased. For example if your discount of £9,000 was equivalent to 10% of the value of your home when you bought it your discount that would have to be repaid would be 10% of the value at the time you sell. If the value was then £120,000 then you would repay £12,000 but this would be decreased by a fifth for every year you had owned the property.

- Sold in Year 1 – repay all Discount
- Sold in Year 2 – repay 80% of the discount
- Sold in Year 3 – repay 60% of the discount
- Sold in Year 4 – repay 40% of the discount
- Sold in Year 5 – repay 20% of the discount
- Sold in Year 6 – no discount repaid

If however you wish to sell the home within 10 years of purchase you have to offer the home to your former landlord to buy at the current market value. This is called Right of First Refusal.

If at any point during the sale process or during the discount repayment period you enter into an agreement with another person to sell the property to them after the discount period has ended this will trigger the repayment of the discount straight away.

Summary

If you think you would like to consider Right to Buy yourself, please contact us in the first instance. The government's Department for Communities and Local Government has published an informative booklet called 'Your right to buy your home' which would also be useful. We can send you a copy, or you could visit their website at www.communities.gov.uk.

Information on the Right to Acquire is available from the Housing Corporation who have produced a 'Guide to the Right to Acquire'. You can get a copy from us or from the Housing Corporation website at www.housingcorp.gov.uk.

We would also strongly advise that if you are seriously considering Right to Buy or Right to Acquire, you should take independent legal and financial advice from a Solicitor or your local Law Centre or Citizens Advice Bureau.

Buying your tenanted home from Three Rivers may work out to be more expensive than staying as a tenant and you should consider if you can continue to make these additional payments in the long term as if you don't then your home could be repossessed and taken from you.

We can produce this information leaflet in alternative formats and languages.

If you would like information in another language or format, or require the services of an interpreter, please contact us on: 0191 384 1122.

إذا أردت هذه المعلومات بلغة أخرى أو بصيغة أخرى،
أو إذا كنت بحاجة إلى خدمات المترجم، نرجو الاتصال بنا.

আপনি যদি অন্য কোন ভাষায় অথবা ধরনে এই তথ্য চান, অথবা কোন দোভাষীর
সার্ভিসেস-এর প্রয়োজন হয়, তাহলে অনুগ্রহ করে আমাদের কে যোগাযোগ করুন।

若您想要此資訊的另一語言版本或另一形式，或者需要傳譯員
的協助，請聯絡我們。

ਜੇ ਤੁਹਾਨੂੰ ਜਾਣਕਾਰੀ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਜਾਂ ਤੁਹਾਨੂੰ
ਗੱਲਬਾਤ ਸਮਝਣ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੀਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਡੇ
ਨਾਲ ਗੱਲ ਕਰੋ।

اگر آپ کو معلومات کسی دوسری زبان یا شکل میں درکار ہوں، یا
آپ کو ایک انٹریپرٹیر کی سروسز کی ضرورت ہو تو ہم سے رابطہ کریں۔

Contact Addresses

Head Office - Durham
Three Rivers House
Abbeywoods Business Park
Pity Me, Durham
DH1 5TG

Open: 9.00am - 5.00pm
Monday to Friday

Sherburn Road Office
62/63 Bede Avenue
Sherburn Road Estate
Durham
DH1 2EN

Open: 10.00am - 1.00pm
Monday to Friday

Hartlepool Area Office
Central Buildings
Church Street
Hartlepool
TS24 7EB

Open: 10.00am - 1.00pm
Monday to Friday

Contact Customer Services Team

24 hours a day, 7 days a week and 365 days a year

0191 384 1122

customer.services@threerivershousing.co.uk

Visit our website for more information on www.threerivershousing.co.uk



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