

Right to Buy and Right to Acquire Policy

Introduction

The Right to Buy scheme (RTB) was introduced in 1980 and gives qualifying social customers the right to buy their home at a discount. The scheme enables most customers who have a secure tenancy and have been a customer with a public sector landlord for three years to buy their home at a discounted price.

Grand Union Housing Group (GUHG) does not issue secure tenancies however, within our stock, we have some customers who were stock transferred from various local authorities and who may qualify for the Preserved Right to Buy (PRTB).

In addition to the above we have some customers who maybe eligible to purchase their home under the Right to Acquire (RTA) scheme.

This document sets out our policy approach to both the Right to Buy and the Right to Acquire schemes.

Policy statement

GUHG aims to ensure that we assess all applications fairly; selling to qualifying buyers based on the current rules of the scheme within the prescribed timescale.

Objectives

The policy aims to ensure that GUHG meets the following objectives:

- complies with relevant legislation and regulatory requirements
- has a framework for establishing eligibility
- provides a system for assessing applicants, which is fair and provides equal access.

Relevant legislation

Housing Act 1985

Housing (Right to Acquire) Regulations 1997

The Housing (Right to Buy) (Limit on Discount) (England) Order 2012

Housing Act 2004

Housing and Regeneration Act 2008

Localism Act 2011

Other related policies

Complaints Policy

Data Protection and Confidentiality Policy

Equality, Diversity and Customer Care Policy

Risk Appetite Framework and associated Risk Management Policy

Preserved right to buy (PRTB)

The PRTB applies where council housing stock was sold to a housing association and the rules outlining how customers can purchase their home are governed by legislation.

If a customer lives in the same home that was transferred from the former Mid Bedfordshire District Council on the 3 October 1994 or the 5 November 2001, or from South Northamptonshire Council on the 17 March 2008, they may have the PRTB.

The PRTB only applies if the customer was living in the home when it was transferred from the council. If the customer moves to another property owned by GUHG, that customer will still qualify for the PRTB. The PRTB will not apply if a customer transfers to a property with another landlord.

Customers cannot buy through the scheme if:

- the property is not their main and principle home
- the property is not self-contained (has a shared kitchen or bathroom)
- there is a court order saying the customer must leave the home
- the customer is an 'undischarged bankrupt'
- the customer is being declared bankrupt
- the customer owes money to creditors.

There are some properties that will not be sold through PRTB. Examples of this would be any property that is suitable for housing the elderly, or has been adapted for the specific needs of certain customers.

Customers can make a 'joint application' to buy their home through the PRTB with a joint customer or members of their family. These family members must have lived with the customer for the past 12 months and evidence will be required to prove at least 12 months occupation.

How much is the discount?

Discount levels are set by the government and these are reviewed on an annual basis by Homes England. Currently the maximum discount available for applications received after the 1 April 2018, outside London is £80,900

The actual discount offered is dependant on how long the customer has been a public sector customer, the type of property (a flat or a house) and if there has been any previous discount given to the customer.

PRTB discount

	Houses	Flats
Discount levels start from (after three years tenancy up to five years tenancy)	35%	50%
Annual discount increase after year five	1%	2%

Maximum discount	70% or £ 80,900 outside London - whichever is the lower	70% or £80,900 outside London) – whichever is the lower
less any previous discount	Reduced by previous discount	Reduced by previous discount

Processing applications

GUHG will process applications in line with prescribed timescales, to ensure applicants meet the required criteria for PRTB and receive appropriate advice and information.

This process will include the following application controls:

- Proof of current residency and proof of identity is required.
- Proof of residence and proof of identity for family members added to PRTB applications will be required. Evidence considered will include electoral roll, passports, driving licence and council tax records.
- A proactive duty of care approach will be taken for older customers applying, which may include a visit and providing information and advice around various issues including:
 - Changing needs and cost of care.
 - Any on going service charges.
 - Future access to sheltered accommodation.
 - Future maintenance liabilities for example under Section 20.
 - Any concerns about safeguarding (for example a suspicion that an older customer is being unduly pressurised by a relative into entering into the PRTB) will be reported to GUHG’s designated safeguarding lead.
- We will refuse PRTB applications until arrears are cleared and while any issues, such as a suspended order or possession notice, remain unresolved.
- Mortgage offers will be checked and approved prior to exchange of contracts. GUHG will refuse requests from PRTB applicants who want to secure borrowing above the purchase price.
- Appropriate money laundering checks will be completed for purchasers through solicitors’ undertakings and in accordance with our internal procedures.

Valuation approach

GUHG will instruct appropriate independent valuers to provide the current market value for PRTB applicants, in line with legislative requirements and general Royal Institute of Chartered Surveyors (RICS) ‘Red Book’ principles.

Where the plot for sale under a PRTB application includes the potential for future development, such as significant extension or additional dwelling(s) being built on the plot, the valuer will be instructed to include the future development “hope” value in their determination of current market value. Consideration will also be given to the recovery of any capital costs and future income if the dwelling has solar panels fitted under the Fixed In Tariff (FIT) scheme.

Valuers who provide the current market value will be required by GUHG to support their professional opinion with comparable evidence and present this for cases where the district valuer is requested to adjudicate on valuation disputes.

Promotion

GUHG will make information about the PRTB available through various means, including, the website and information in offices.

Selling Preserved Right to Buy Home

If an owner who purchased through the PRTB looks to sell within 10 years of buying, they must first offer the property back to the landlord at full market price, agreed between the owner and landlord.

If a price can not be agreed, the district valuer will set the price. If the landlord does not agree to buy the home within eight weeks, the owner can then sell to anyone on the open market.

Repaying Discount

If the owner sells their PRTB home within five years of buying it, then some discount repayment will be required. If it is sold within the first year, 100% of the discount needs to be repaid. The actual amount repaid is based on the current value of the property, with the amount being repaid expressed as a percentage. For example if the customer purchased their home at a full market value of £100,000 and had a 40% discount this would represent a monetary discount of £40,000. If the purchaser then sold their home after 18 months for £120,000 they would repay discount to the value of £38,400. This is because 40% of £120,000 is £48,000 and as they are in their second year of discount repayment they would repay 80% of £48,000 which is £38,400.

The amount repaid reduces over the first five years as shown below

- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year.

Right to acquire (RTA)

The Right to Acquire (RTA) is a statutory scheme which offers eligible customers in eligible properties the opportunity to purchase the home they currently rent with a discount on the full market valuation.

The discount is a fixed sum of money which varies geographically, and is set by the government in a statutory instrument.

Eligible customers

You must have been a public sector customer for at least three years. RTA only applies to assured customers (or assured shorthold customers) whose tenancies began on or after 1 April 2012 and are for a fixed term of at least two years) occupying self contained accommodation for rent where the costs of procuring or developing those properties was part-paid for by Social Housing

Grant (SHG), Social Housing Assistance (SHA), the Disposal Proceeds Fund (DPF) or any combination of these, on or after 1 April 1997.

Assured shorthold customers whose tenancies began before 1 April 2012 or are for less than two years, those who hold long leases or customers of shared accommodation are not eligible.

Eligible properties

The property lived in must have been bought by Grand Union Housing Group on or after 1 April 1997 and have been funded with Social Housing Grant.

The RTA is not available in a rural area designated by order of the secretary of state under Section 17(1) (b) (Right to Acquire: Supplementary Provisions) of the Housing Act 1996. This normally means where there are fewer than 3,000 properties in a settlement.

Some Grand Union Housing Group properties are exempt from RTA due to their specialist nature and the intensive housing assistance offered to residents.

RTA discount

Eligible customers can obtain the full discount if they have never received any form of public subsidy to help them purchase a property before. Customers who have previously received some form of public subsidy remain entitled to their RTA discount, but it will be reduced by the amount of subsidy that they previously received.

Discounts available under RTA are fixed cash amounts determined by the secretary of state, based on the geographical location of the tenanted property.

The RTA discount is restricted to no more than 50% of the value of the property.

RTA prescribed discount levels

Local authority area	RTA discount
Bedford, Central Bedfordshire, South Bedfordshire	£11,000
South Cambridge	£13,500
Daventry, Northampton, South Northamptonshire	£10,000
Corby, East Northamptonshire, Kettering, Wellingborough	£9,000

Promotion

GUHG will make information about the RTA available to all customers that live in qualifying properties.

Complaints / appeals

GUHG aims to put the customer first. Sometimes, however, we make mistakes but if this happens, applicants going through PRTB or RTA can make a complaint through the complaints procedure.

Monitoring

This policy will be monitored through the policy review programme.

Customer consultation:	December 2018
Equality Impact Assessment:	initial screen
Person responsible for review:	Director of Development and Commercial
Supported by:	Sales Manager
Ratified by:	Leadership Team 12.12.18
Date of review:	November 2018
Date of next review:	November 2021