

# Right to Buy Policy

<b>Linked strategies</b>	Live Safe
<b>Version</b>	3
<b>Date approved by</b> (State by whom and when)	Board May 2022
<b>Policy level</b>	1
<b>Agreed by Union</b> (If applicable)	Not applicable
<b>Date effective</b> (Subject to staff consultation)	May 2022
<b>Date of next review</b>	May 2025
<b>Policy Owner</b>	Head of Property Investment, Sales, and Lettings



## 1 Policy Statement

- 1.1 The statutory Right to Buy scheme provides our customers with an opportunity to purchase their existing or another home with a discount after they have been a tenant for a certain period. The aim of this policy is to ensure that applications are assessed fairly, and homes are sold to qualifying customers within prescribed timescales according to the rules set out in the relevant legislation and/or guidance.
- 1.2 This policy has been developed to adhere to requirements as laid down by regulations and legislation in relation to the sale of property under Right to Buy and Right to Acquire.

## 2 Scope

- 2.1 This Policy applies to all customers who currently rent a home owned by Greatwell Homes and certain shared owners whose homes were transferred to Greatwell Homes in December 2007.
- 2.2 This policy does not apply to those properties sold under Rentplus, Shared Ownership (subject to exception referred to in 2.1 above) and Rent to Buy.

## 3 Definitions

- 3.1 The generic term Right to Buy (RTB) is used in this policy document where the specific provisions apply to the PRTB and RTA.
- 3.2 The sale of property, to our existing customers under Right to Buy falls under one of the following three categories:
- 3.3 **Preserved Right to Buy (PRTB)** - enables qualifying tenants to buy their home at a discount. The scheme applies to most tenants who have held a secure public sector tenancy for at least three years. A customer who held a secure tenancy of one of the properties transferred to Greatwell Homes on 10 December 2007 may be eligible. For this purpose, 'public sector' includes a council, housing association or other public sector tenancy. A customer who is eligible for the PRTB would not qualify for RTA.
- 3.4 **Right to Acquire (RTA)** - allows most housing association tenants to buy their



home at a discount. A customer who moved into an eligible property after 10 December 2007 may qualify for the Right to Acquire (RTA) once they have held the tenancy for at least three years and applies to the following eligible properties:

- Built or bought by a housing association after 31 March 1997 and funded through social housing grant (SHG) provided by the HCA (or Housing Corporation) or a local council
- Transferred from a local council to a housing association after 31 March 1997.

## **4 Policy Principles**

### **Eligibility criteria**

4.1 These are general eligibility requirements for RTB which are as follows:

- The property is the customers only or principle home.
- The property is a self-contained accommodation with no shared facilities, for example kitchen and/or bathroom.
- There is no court order which requires the customer to vacate their home for breach of tenancy conditions.
- The customer is not an undischarged bankrupt or is not being declared bankrupt.
- The customer does not owe money to us or other specified creditors.
- They hold a joint tenancy with someone who is eligible.
- They have succeeded to or have been assigned a tenancy held by a member of their family who were eligible.
- They were granted the tenancy under family law and/or matrimonial legislation and the person who previously help the tenancy was eligible.
- They are one of up to three qualifying family members that can join he tenant in buying their home, subject to being able to provide proof that they have lived at the property for at least 12 months prior to the application.

### **Local Sales policy – exclusions**

4.2 Under PRTB and RTA the following homes are excluded from sale under statutory provisions:



Exclusions: subject to the property meeting the criteria set out in government legislation.
Elderly person dwellings
Dwelling houses for persons of a pensionable age
Dwelling for disabled persons
Dwelling for people suffering mental disorders
Defective dwellings
Properties with rural restrictions
Properties scheduled for demolition

### **Discount applicable**

- 4.3 The amount of discount will depend on the market value of the home and how long a qualifying customer has been a customer. Where a joint application is made the qualifying period for discount purposes will be based on the customer who has the longer period of tenancy.
- 4.4 For the PRTB the discount will be prescribed by legislation and/or Government regulations.
- 4.5 Under the RTA a fixed discount or grant, with the actual amount being prescribed by the relevant legislation will be deducted from the open market value. The maximum grant under the RTA is between £9,000 and £16,000 depending on the geographical area where the property is located. In Wellingborough, the maximum grant available under RTA is £9,000.
- 4.6 Any discount that a customer may have received in buying a home under any RTB scheme in the past will be deducted from the current discount entitlement when applying to buy their current home.

### **Repayment of discount**

- 4.7 If a home purchased under the RTB is sold within the first five years, there will be a liability to repay a percentage of the discount received as set out in the following table:



Year	% discount
1	100%
2	80%
3	60%
4	40%
5	20%

### **Postponement of charge**

- 4.8 A legal charge protecting Greatwell Homes' right to repayment of discount on an early sale, will be registered at the Land Registry on completion of the sale. Any mortgage taken out by the customer will take priority as the first charge as long as this is obtained from an Approved Lending Institution – this is known as 'Postponement of Charge'.
- 4.9 An approved lender is a bank, building society, insurance company or other lender that is regulated by the Financial Conduct Authority (FCA).

### **Right of first refusal**

- 4.10 If a property is sold under the RTB within the first ten years after it was purchased it must first be offered to Greatwell Homes before it can be sold on the open market. There is a period of eight weeks in which to accept the offer.

### **Repairs and maintenance**

- 4.11 Greatwell Homes will only carry out essential repairs and maintenance to a house or bungalow where there is a 'live' RTB application. For this purpose, 'essential repairs' are defined as those which are necessary to maintain the health and safety of the customer, their family, neighbours, or visitors. The property would also be excluded from certain planned works and/or improvement programmes.
- 4.12 Where a RTB application has been submitted in respect of a flat, the block in which it is located may still be included in any repairs or improvements programme, typically to the external structure or communal areas, whilst it remains 'live'. If the flat is purchased before completion of any planned works, the customer as the new homeowner would be liable for an apportioned cost of the works. Details of such repairs and improvements with a breakdown of



associated costs over the next five years to be provided to the customer in the Offer Notice. As with houses and bungalows, we would exclude flats from certain other types of repairs and/or improvement programmes, typically where these involve works to the inside of the home.

- 4.13 If a RTB application is withdrawn then the normal repairs and maintenance service will resume.

### **Service and Estate Charges**

- 4.14 Where applicable we will seek to recover a fair proportion of our costs by way of a service and/or estate charges from customers who buy their home through the RTB. We will provide details, including a breakdown of costs which would be subject to a service or estate charge, to customers who apply to buy their home.

## **5 Implications for Customers**

- 5.1 A Privacy Impact Assessment (PIA) has been undertaken for this policy and found no negative impact in terms of privacy . A copy of the PIA is available upon request. An Equalities Impact Assessment (EIA) has not been undertaken as this policy seeks to implement legislative and/or contractual obligations which are prescriptive in nature.

## **6 Performance Management**

- 6.1 We will make use of the following performance indicators to monitor and report on the effectiveness of the service. These will be reported on a quarterly basis:

<b>Key Performance Indicators:</b>	<b>Operational Performance Indicators:</b>
None	Percentage of RTB2 or RTA2 Notices sent within target dates  Percentage of S125 Offer Notices sent within target dates



## 7 Responsibility and Decision Making

7.1 The table below illustrates the structure for responsibility and decision making in relation to this policy.

Person Responsible	Scope
Board	Satisfying itself that our affairs are conducted lawfully and in accordance with generally accepted standards of performance, probity, good practice and compliance with the regulatory standards.
EMT	Enable the Board to accurately report and certify to the appropriate bodies on all compliance matters where necessary.
Head of Property Investment, Sales and Lettings	Policy owner and is responsible for ensuring that it is implemented effectively.
Sales and Lettings Team	All relevant employees within the Homeownership team will be responsible for the day-to-day implementation of this Policy and the effective sale of our properties.

## 8 Review

8.1 This Policy will be reviewed every three years or in line with changes in legislation, whichever is the sooner, updates or recommendations for changes will be presented to the Board for approval.

Associated Policies	Associated Procedures
Financial Crimes Compliance Policy	Right to Buy (including PRTB and RTA)
Fraud Prevention Policy	
Customer Concerns and Complaints Policy	
Tenancy Fraud Policy	

