
Home purchase policy

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1. INTRODUCTION

This policy sets out One Housing's approach to processing Right to Buy, Right to Acquire and Social HomeBuy applications. It also sets out One Housing's policy on the resale of shared ownership homes.

1.1 Definitions

Right to Buy

Under the Right to Buy scheme eligible council tenants have the right to buy their home at a discount. The Right to Buy is preserved for council tenants whose homes have been transferred to a housing association as part of a stock transfer agreement with a local authority.

Right to Acquire:

The Right to Acquire is a scheme that allows most housing associations tenants to buy their home at a discount.

Social HomeBuy

Social HomeBuy is a scheme that allows Registered Providers of social housing to sell rented social housing homes to in situ tenants either outright, or on a shared ownership basis. Tenants are able to claim defined discounts on the market price.

2. AIMS AND OBJECTIVES

Aims

To process Right to Buy, Right to Acquire and Social HomeBuy applications fairly and accurately.

Objectives

To ensure Right to Buy and Right to Acquire applications are processed in accordance with the relevant legislation.

3. ELIGIBILITY

Not all One Housing tenants are eligible for the Right to Buy, Right to Acquire and Social HomeBuy schemes. **Appendix A** sets out the eligibility criteria for each of the schemes.

4. DISCOUNTS

4.1 Right to Buy discounts

Tenants exercising their Right to Buy are entitled to a discount on the purchase of up to:

- £102,700, in London, or
- £77,000 outside London.

The maximum discount will increase annually (from April 2015) by the percentage change in the Consumer Prices Index published by the Statistics Board from the September before the previous year to September of the previous year (rounded down to the nearest £100).

The exact size of the discount is determined by a number of factors such as the length of tenancy, whether the property is a house or a flat or how much money One Housing has spent maintaining the property. The eligible discount for each application will be calculated by One Housing as at the date of receipt of the Preserved Right to Buy application and will not be increased if the discount amount changes before completion of the purchase.

4.2 Right to Acquire discounts

Tenants exercising the Right to Acquire are entitled to a discount of between £9,000 and £16,000 on the price of their home. The amount of discount awarded depends on:

- Where the property is located in the United Kingdom
- Whether the tenant has benefited from a Right to Buy or Right to Acquire discount in the past. If they have, the discount will be reduced by the discount amount received previously.

- A cap on discounts awarded, which means that the maximum discount that can be awarded is 50% of the property's value.

4.3 Social HomeBuy discounts

Tenants buying their home through Social HomeBuy are entitled to the same discounts as those available for the Right to Acquire scheme.

Tenants can use Social HomeBuy to purchase a share of their home where they cannot afford to buy the property outright. The minimum initial equity share that can be purchased is 25%, and the maximum is 90%. The discount available to a shared ownership purchaser will equal the percentage share being purchased, e.g. a tenant buying a 25% share of their home will be entitled to 25% of the stated discount available.

If a shared owner subsequently buys further shares, they will again be entitled to receive an equal percentage discount on the share being purchased, e.g. a tenant buying a 20% additional share of their home will be entitled to 20% of the stated discount available.

Where tenants apply to buy their home on a shared ownership basis, One Housing will appoint an independent financial advisor to review the tenant's financial circumstances to assess whether the purchase is affordable for them. If this is deemed unaffordable the application will be declined.

5. TIMESCALES

Right to Buy and Right to Acquire

Subject to legislation, One Housing will assess Right to Buy and Right to Acquire applications within four weeks.
Once an application is accepted the tenant will receive an Offer notice within eight weeks (if they are purchasing a house), or 12 weeks (if they are purchasing a flat).
The tenant then has 12 weeks in which to respond to the offer to buy their home.
If the tenant fails to respond they will receive a notice giving them a final 28 days in which to respond.
If no response is received to this final reminder, their Right to Buy or Right to Acquire application will be considered to be withdrawn.

Social HomeBuy

One Housing will provide a documented response to all expressions of interest in Social HomeBuy from our tenants. Tenants will be sent an application form with an estimated value of their home and discount information based on the assumption that they are eligible.
One Housing will assess each application form and let the tenant know if they are eligible. The tenant will then have four weeks to decide if they want to proceed. This must be confirmed in writing.
During this period, tenants are required to meet our independent financial advisor to discuss the product and undergo a formal affordability assessment.
One Housing will instruct a surveyor to carry out a formal valuation of the property and send a formal offer to the tenant. For valuation purposes, the date of the valuation will be the date of inspection of the property.
Tenants have three months from the valuation date to exchange contracts and a further month in which to complete the purchase. If the tenant fails to exchange and complete the purchase during the prescribed period, their application may be deemed withdrawn and a new valuation will have to be carried out if the tenant wishes to proceed and complete.
Where a tenant is unable to exchange contracts within the three month deadline, but are able to exchange and complete within four months from the date of the valuation, this will be allowed at the discretion of an Assistant Director within Citystyle.

All property valuations will be provided by One Housing using an independent valuer, qualified with the Royal Institution of Chartered Surveyors.

One Housing will not offer Social HomeBuy applicants properties other than their home with which to pursue their application.

One Housing will not process Social HomeBuy sales funded by mortgage providers who are not approved by the Financial Conduct Authority.

6. REPAIRS

Once a tenant has been accepted for a home purchase scheme, One Housing will only carry out essential repairs on their home. This means that One Housing will only carry out repairs that are necessary to maintain the health and safety of the tenants, their household, neighbours or visitors. The normal repairs and maintenance service will be resumed if the home purchase application is withdrawn.

7. REALES OF RIGHT TO BUY, RIGHT TO ACQUIRE AND SOCIAL HOMEBUY HOMES

7.1 Rules governing the sale of a home initially bought under the Right to Buy or Right to Acquire

Tenants should note that there are certain restrictions on the sale of their home, for a certain period after they have exercised the Right to Buy or Acquire. In summary these are:

- if the property is sold within 10 years, then the property must first be offered to One Housing
- if the property is sold within five years a certain part of the discount will have to be repaid to One Housing, with the amount depending on how long after the exercising of the Right to Buy or Acquire the property is sold and the amount of discount initially received.

7.2 Future resale of a property bought under Social HomeBuy

One Housing has the right to nominate the next buyer of a home where a leaseholder wishes to sell their share. In addition One Housing will have the Right of first refusal for both houses and flats sold under the Social HomeBuy scheme.

In Westminster and Slough, One Housing has agreed to give the local authority the right to nominate the next buyer of a property sold under Social HomeBuy. The terms of the nomination arrangements, for resales of Social HomeBuy homes, will be set out in the lease.

The Social HomeBuy discount becomes repayable to One Housing if the home is sold within five years. The amount of discount to be repaid is dependent on the amount of time that has passed since the purchase of the property and is set out in the Capital funding guide guidance.

All of the above restrictions will be reflected in the Land Registry documents for properties sold under Social HomeBuy.

8. SHARED OWNERSHIP REALES

8.1. Definition

A shared ownership resale is defined as the sale by a shared owner of their share of the shared ownership home to another household in line with the Capital Funding Guide and the Greater London Authority Capital Funding Guide (as applicable depending on the location of the property).

8.2. Shared ownership resale process

All resales will be processed in line with the relevant clauses in a shared owner's lease and the requirements of the Capital Funding Guides. In general this means:

- A valid market valuation of the home must be obtained before a sale can proceed. One Housing will arrange the valuation after receiving a fee from the shared owner.
- The property valuation will be conducted by an independent valuer selected by the shared owner, who is qualified with the Royal Institute of Chartered Surveyors.
- Once the market valuation has been obtained and has been accepted by the shared owner, One Housing will have an 8-week or 12-week period (depending on the lease) to find a nominated buyer for the shared owner's interest or share in the property.
- The nomination period can be ended at the discretion of One Housing if it receives two or more eligible applications.
- One Housing will advertise the home via the website of (or used by) the local Help to Buy agent.
- One Housing will undertake checks to ensure all nominated buyers are eligible to access shared ownership in line with the eligibility criteria set by the Homes and Communities Agency, or Greater London Authority within London.

- If One Housing finds a nominated buyer for the shared owner's home, the shared owner will be charged an administration fee equating to 1% of the market valuation of the shared owner's share in the property that they are selling. This will only be charged where the lease provides for such a charge.
- If One Housing is unable to find a buyer within the nomination period, then the shared owner is free to find a buyer for their share of their home on the open market. That buyer will still need to meet the eligibility criteria for affordable home ownership.
- One Housing should be officially notified of the sale of the shared owner's share, within one month of the completion of the sale.

8.3 Valuations

Disputes about a valuation, will be resolved as set out by the terms of the shared owner's lease. Alternatively the shared owner can obtain a new valuation at their own expense.

Property valuations are only valid for a specified period of time. If a valuation expires One Housing may, depending on the terms of the lease, require a further valuation (subject to receiving the fee from the shared owner).

8.4 Eligibility criteria

Applicants will be assessed, and the nominated buyer's eligibility for affordable homeownership will be verified before the sale will be allowed to continue.

In the event of interest from several applicants in a shared owner's home, One Housing will prioritise applicants as follows:

- Social housing tenants or serving military personnel will receive the highest priority
- First-time buyers will receive the next level of priority

If the use of the above criteria fails to distinguish between applicants, priority will then be given to the applicant who first expressed an interest, via their local Help to Buy agent, in the shared owner's home.

8.5 Reservation fee

Once accepted as the nominated buyer, the applicant will be requested to pay One Housing a reservation fee for the home up for sale. This fee will be refundable to the nominated buyer once One Housing receives the official notification of the legal sale of the shared owner's home. The current reservation fee is £250 (inclusive of VAT).

8.6 Key worker provisions

Some shared owner leases contain provisions regarding key workers (designated public sector occupations). These provisions are no longer enforced by the Homes and Communities agency. One Housing will therefore consider requests, from the shared owner or buyer, to remove all key work provisions from the lease via a Deed of Variation. The shared owner or the buyer will be responsible to cover One Housing's legal costs in drafting and executed the Deed of Variation. For more information on this process refer to the Homes and Communities Agency website www.homesandcommunities.co.uk.

9. EXCEPTIONS

Where the legislation allows discretionary decisions to be made by the landlord, any such decision will be made by an Assistant Director within Citystyle. Any extensions will only be agreed in exceptional circumstances, such as a tenant having a medical condition, and not for financial reasons.

10. FURTHER INFORMATION

More information is available on the Right to Buy from the government leaflet 'Guide Right to Buy: buying your council home' (available from the Government website gov.uk/right-to-buy-buying-your-council-home).

More information is available on the Right to Acquire from the government leaflet: buying your housing association home, (available at the website address gov.uk/right-to-acquire-buying-housing-association-home).

11. LEGISLATION, REGULATION AND GUIDANCE

Government legislation has an impact on how One Housing can implement its Right to Buy and Acquire policy. Listed below are the key Acts that have been acknowledged.

- Housing Act 1985
- Housing Act 1988
- Housing Act 2004
- Equality and Diversity Act 2010
- Localism Act 2011
- The Housing (Preservation of Right to Buy) Regulations 1993 (Statutory Instrument 2241) Schedule 6.
- Housing (Right to Acquire) Regulations 1997 (Statutory Instrument 619)
- Housing (Right to Acquire) (Discount) Order 2002 (Statutory Instrument 1091)
- The Home and Communities Agency's Capital Funding Guide
- The Greater London Authority's Capital Funding Guide

The above documents are available on a website delivered by the National Archives: legislation.gov.uk

12. CONFIDENTIALITY

Under the Data Protection Act 1998 and the Human Rights Act 1998, all personal and sensitive organisational information, however received, is treated as confidential. This includes:

- anything of a personal nature that is not a matter of public record about a resident, client, applicant, staff or committee member
- sensitive organisational information.

Officers will ensure that they only involve other agencies and share information with the consent of the resident concerned, unless:

- One Housing is required to by law
- the information is necessary for the protection of children

13. EQUALITY AND DIVERSITY

One Housing recognises the needs of a diverse population and always acts within the scope of its own **Equality and diversity policy**, the Human Rights Act 1998, and Equalities Act 2010. One Housing works closely with its partners to ensure it has a clear understanding of its resident community with clear regularly updated service user profiles. One Housing will record, analyse and monitor information on ethnicity, vulnerability and disability.

14. MONITORING AND EVALUATION

One Housing will monitor and record data on the Right to Buy, Right to Acquire and Social HomeBuy schemes through its internal KPIs.

15. HEALTH AND SAFETY

This policy will be carried out in compliance with the relevant statutory health and safety requirements and regulations.

Appendix A

Scheme	Property eligibility	Tenant eligibility
Right to Buy	<ul style="list-style-type: none"> Home must be self-contained (does not rely on shared bathing or cooking facilities). Property must be applicant's main or principal home. 	<ul style="list-style-type: none"> Have been a public sector tenant for three years. Three year period need not be three years in a row. Must not be subject to a possession order, be bankrupt, not allowed by law to benefit from the Right to Buy. Rent arrears must be cleared before any property sale is completed. Tenants can make joint applications with: <ul style="list-style-type: none"> Their joint tenant Up to three family members if they have lived with the tenant for at least 12 months before the application.
Right to Acquire	<ul style="list-style-type: none"> Must have been built or bought by One Housing using public subsidy after 1 April 1997, or have been transferred to One Housing after 1 April 1997. Must be self-contained. Property must be applicant's main home. Properties with a valuation less or equal to the debt (held by One Housing) associated with them will be excluded. Alternative properties to applicant's current home will not be offered. 	<ul style="list-style-type: none"> Tenants must be secure, assured (including fixed term) tenants for at least three years. Starter tenants and key worker tenants are excluded. Assured shorthold tenants with a fixed term tenancy of less than two years are excluded. Tenants who hold long leases are also excluded. Rent arrears must be cleared before any property sale is completed. Tenants cannot use the Right to Acquire if: <ul style="list-style-type: none"> Being made bankrupt Have been ordered to leave their home by a court order Have the Preserved Right to buy Subject to a possession order or has been served a possession notice.
Social HomeBuy	<ul style="list-style-type: none"> Home must be self-contained. Properties managed by Housing Care and Support are excluded. Properties that are not being used for social rented accommodation are excluded. Properties that are currently part of a major works or major refurbishment programme are excluded. 	<ul style="list-style-type: none"> Applicant must have been a tenant of One Housing (or another housing association or public sector landlord) for five years. Five years need not have been Five years in a row, except where One Housing has bought the tenant's home under a mortgage rescue arrangement. Tenants who have a fixed term tenancy of less than two years will be excluded. Tenants who are renting an intermediate rent property will be excluded. Tenants who live in a property acquired by One Housing under a mortgage rescue scheme will be excluded. Tenants who are being made bankrupt, who are subject to an existing order relating to their tenancy or who have been ordered to leave their home buy a court cannot use Social HomeBuy. Tenants must clear arrears before any sale is completed. One Housing will suspend an application where it believes tenants are engaged in anti-social behaviour.