

Information on a tenant's Right to Buy their Council House or Flat

The Right to Buy for Secure Council Tenants

Introduction

The Right to Buy scheme was introduced in 1980. It allows certain secure tenants in council housing to buy their home at a discount which is based upon the location of the property and the length of time the tenant has been a tenant of the local authority or a housing association.

There have been a number of changes to the Right to Buy regulations since 1980 and the most recent changes came into force in 2012.

This information is for tenants of St Albans District Council about what your rights and responsibilities are in relation to the right to buy.

Over the 30 years since the Right to Buy was introduced St Albans District Council has sold a number of houses and flats, houses are normally sold on a freehold basis, with flats and maisonettes being sold on leasehold basis.

1. Do you have the Right to Buy?

Not all secure tenants do have the Right to Buy. In the St Albans District those who do not have the Right to Buy are:

- a) Secure tenants living in homes suitable for occupation by the elderly taking into account location, size, design, heating system and some other features
- b) Secure tenants living in homes which were let to them or the previous tenant for occupation by a person aged 60 or over and which were first let before 1st January 1990
- c) Homes which are due to be demolished
- d) Retirement housing (also called sheltered housing)
- e) Homes which the council has leased from a third party and which the council does not own
- f) Almshouses
- g) Temporary accommodation for the homeless
- h) Introductory Tenants

In order to qualify for a discount through the Right to Buy you must have been a tenant of a council or a housing association for 5 years. The 5 years do not have to be continuous and it could have been in different homes with different public sector landlords.

In addition, you will not be allowed to buy your home if the council has a court order for possession of your home or if you are an undischarged bankrupt, have

a bankruptcy petition pending or have made an arrangement with creditors and still have money outstanding.

2. How is your home valued?

When you make an application to buy your home, the details are passed to a local Valuer acting on behalf of the council who will arrange to visit and assess the value of your home. He will not take into account any improvements which you have carried out. You will receive details of the value of your home with the Section 125 Notice which the Council will send you following your application. If you do not agree with the valuation, you have the right to request a redetermination. This will be carried out by the District Valuer who is independent of the Council.

3. Will you be entitled to a discount?

The maximum discount available is £75,000. The discount to which you are entitled depends upon the time you have been a tenant of either a council or housing association and whether you are buying a flat or a house.

If you are buying a house you will get a 35% discount after being a tenant for 5 years. You will then get an additional 1% discount for each complete year you have been a tenants. The maximum discount is 60% or £75,000.

If you are buying a flat you will get a 50% discount after being a tenant for 5 years and then an additional 2% for each complete year up to a maximum of 70% or £75,000.

The discount can be reduced by the cost of any repairs or refurbishment carried out by the Council in the last 15 years. If the expenditure is more than the value of your home you may not get a discount at all.

If you have previously bought under the Right to Buy and received a discount, the discount you are entitled to will be reduced by the amount of discount you received the previous time you purchased a property under the Right to Buy

4. Will you have to repay the discount?

There are some circumstances under which you may have to repay the discount

If you sell your home within 5 years of buying it you will have to pay back all, some or potentially more of the discount you received, based on a percentage of the resale value of the property.

- In the first year you will have to repay all the discount
- In the second year you will have to repay 80% of the discount
- In the third year you will have to repay 60% of the discount

- In the fourth year you will have to repay 40% of the discount
- In the fifth year you will have to repay 20% of the discount

How much you pay back depends upon the value of your home when you sell it.

For example, if your home was valued at £100,000 when you bought it and you received a discount of 40% (£40,000) when you bought it. If you sold your home in the first year for £110,000 you would have to repay 40% of £110,000 (£44,000).

If you can't afford to repay the discount e.g. because the bank or building society is selling your home you should inform the council immediately.

5. Selling the property on the open market

If you purchased your home under the Right to Buy scheme after 18th January 2005 you must give the right of first refusal to the Council (or another social landlord in the area as nominated by the Council) if you decide to sell your property. If the Council does decide to purchase the property will be bought at full market value which will be agreed by you and the Council (assuming no discount is repayable). If both parties are unable to reach an agreement on the price, the District Valuer will determine the price. If your offer has not been accepted by the Council or its nominated agent within 8 weeks then you are free to sell the property on the open market.

6. How much is it likely to cost to buy your home?

In addition to the actual costs of your home there are other costs associated with buying a property. These include:-

The cost of a survey. A survey will be required by the organisation which lends you the money to buy your home. If you do not need a mortgage then it is still advisable to have a survey to identify any current or future maintenance and structural problems with the property

Legal Costs - you will need to appoint a solicitor. You can ask them in advance for estimated costs.

Stamp Duty may be payable - your solicitor should be able to advise you of how much this will be

Life Insurance - in case anything happens to you or anyone else who contributes toward the mortgage

Mortgage Payment Protection Insurance - in case you are unable to work or other reasons prevent you paying your mortgage

Council Tax - although you may be entitled to council tax benefit depending upon your circumstances

In addition you should be aware that once you own your home you are responsible for arranging your own building insurance for houses; for leasehold properties the building insurance is normally arranged by the landlord and

recharged to you. You will be also liable for the costs of any repairs and maintenance.

If you are buying a flat or leasehold property then the council will have some responsibilities for maintenance and repairs of external and communal parts of the property but you will be charged for these once a year. In addition you may have to pay service charges e.g. for electricity and lighting to common parts, caretaking and grounds maintenance. You will also have to pay Ground Rent and contribute toward the building insurance. These are all charged on an annual basis.

If you buy your home with a mortgage you should be sure that you can afford to make the mortgage repayments. Housing Benefit will not cover mortgage payments but if you lose your job or your circumstances change, you may be entitled to some help cover the interest element of the mortgage. You will need to contact the Citizens Advice Bureau or Shelter for more information.

If your home is repossessed due to mortgage arrears and you are evicted then you may not be entitled to council housing once you are homeless.

7. What next?

If you want to go ahead and make enquiries about buying your home then you need to contact the Legal Department on 01727 819506 for a Right to Buy Claim form. This form is also available from the Council's main reception. Complete the form carefully as the information you give will be used to decide if you have the right to buy and how much discount you will receive.

Within 4 weeks the council will send you a Notice informing you whether you have the right to buy. If you don't have the right to buy the reasons will be given at this stage.

If you do have the right to buy a Section 125 Notice will be sent within 8 weeks of sending out the Notice accepting your right to buy if you are buying a house and within 12 weeks if you are buying a flat or maisonette. The Section 125 Notice will describe the property, the purchase price, details of any known structural defects, estimates of the service and any other charges and the terms and conditions of the sale.

It is important that you also have your own survey of the property carried out and appoint a solicitor to represent your interests in the sale.

If there are any delays with the sale or return of documents by the council then you may be entitled to a reduction in the purchase price. Details of the timescales for return of documents and Notices by the Council can be found in the leaflet issued by the Department for Communities and Local Government which is available from the Council.

If there are any problems with the sale which you are unable to resolve directly with the Council, you can get further information about your rights from the Citizens Advice Bureau, your solicitor or through the Department for Communities and Local Government.

If you have any other queries about the Right to Buy or want further information then please contact your Housing Officer who can arrange for more information to be sent to you.

More information about your right to buy your home can be found on the Government website Directgov.

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