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A Property Cohort

Right To Buy Guide

OCTOBER 2018

PROPERTY COHORT

Right To Buy Guide

Over the last couple of years we have seen the government introduce several initiatives to help first time buyers get on the ladder. In this guide we are going to address an initiative called Right To Buy that was introduced in 1980.

1. What is Right to Buy?

“Right to Buy” is a scheme under which longstanding local authority tenants are entitled to purchase their homes at a heavily discounted price. To qualify for the scheme, an individual must be a tenant of at least two years’ standing.

2. Who can apply for Right to Buy

You can apply to buy your council home if:

- It is your only or main home
- It is self-contained
- You are a secure tenant
- You have had a public sector landlord (e.g. a council, housing association or NHS trust) for 3 years. It does not have to be 3 years in a row

Also:

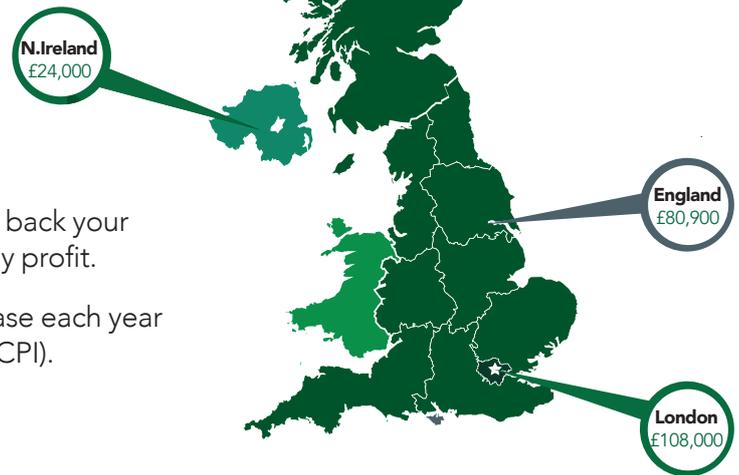
- You can apply for Right to Buy with someone else who shares the tenancy with you; or with as many as three members of your family if you have lived together for at least the past 12 months
- If the council sold your home to another public sector landlord while you were living there, you may still buy it under ‘Preserved Right to Buy’

**Complete the Right to Buy Eligibility quiz here
to find out if you are eligible for a Right to Buy discount.**

3. How much will my discount be?

The maximum right to buy discount is:

- £108,000 in London
- £80,900 across England
- £24,000 in Northern Ireland
- If you sell within five years you will have to pay back your total discount, or some of it, plus a share of any profit.
- The amount of discount you receive will increase each year in April in line with the consumer price index (CPI).



4. What is my discount dependent on?

The amount of discount you receive is dependent on:

- How long you have been a tenant with a public sector landlord
- The type of property you are buying - a flat or house
- The value of your home
- If you are buying with someone else, you count the years of whoever has been a public sector tenant the longest

There are different discount levels for houses and flats:

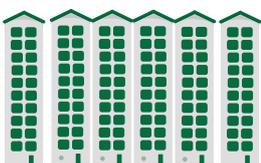
Houses



You get a **35% discount** if you have been a public sector tenant for between 3 and 5 years.

- After 5 years, the discount goes up by 1% for every extra year you have been a public sector tenant, up to a maximum of 70% – or £80,900 across England and £108,000 in London boroughs (whichever is lower).

Flats



You get a **50% discount** if you have been a public sector tenant for between 3 and 5 years.

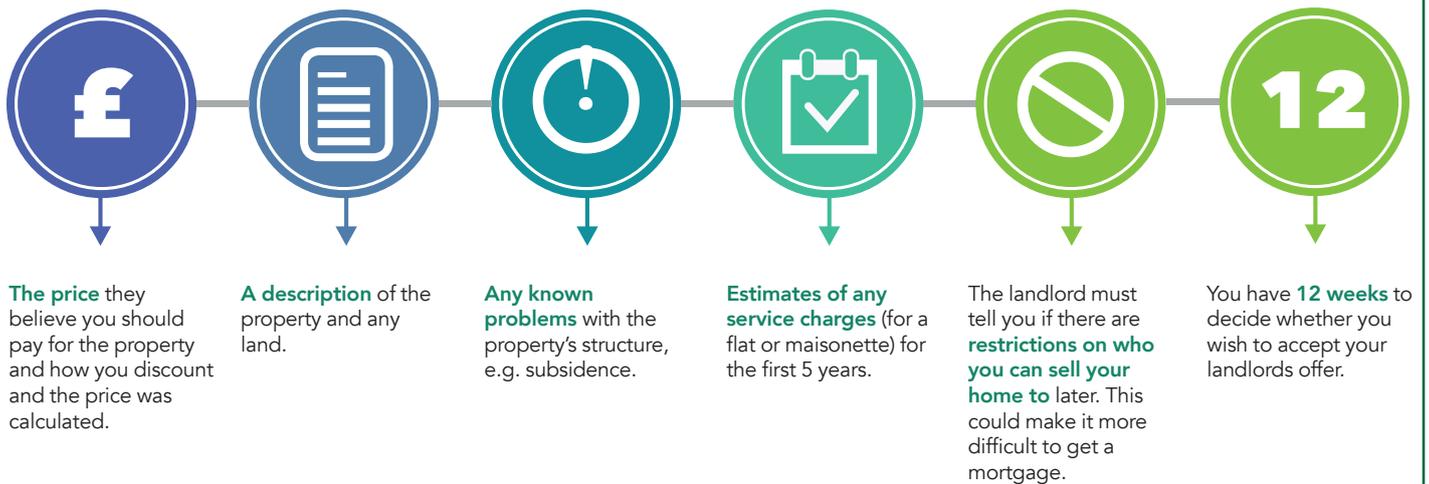
- After 5 years, the discount goes up by 1% for every extra year you have been a public sector tenant, up to a maximum of 70% – or £80,900 across England and £108,000 in London boroughs (whichever is lower).
- You can use the [Right to Buy Calculator](#) to find out how much discount you could get.

5. Applying for Right to Buy Discount

- 1** Complete the **Right to Buy application form (RTB1 notice)**.
- 2** Send it to your landlord.
- 3** Once you have posted it, your landlord must reply within four weeks. (8 weeks if they have been your landlord for less than 3 years). If your landlord says no, they must say why.
- 4** If your landlord agrees to sell, they will send you an offer. They must do this within 8 weeks of saying yes if you are buying a freehold property, or 12 weeks if you're buying a leasehold property.

6. What will my landlords offer entail?

If your landlord agrees to sell, their offer will provide:



7. Disagreeing with your landlords offer

- You are able to appeal against the Council's valuation for your home if you are not happy with it
- If you think your landlord has set your home's market value too high, you must write to them within 3 months (The time limits are strict, so make sure you comply with them) of getting the offer and ask them for an independent valuation
- A district valuer from HM Revenue and Customs (HMRC) will contact you to make an appointment to visit your home and decide how much it's worth
- You should let the District Valuer have any information you think might be relevant to their valuation – for example work that you've done to the property
- You have 12 weeks to accept their valuation or pull out of the sale

8. Appealing

You can **appeal to a tribunal** if you are stopped from buying your home because it has been deemed as being suitable for housing elderly people.

You must submit an appeal within 56 days of the council turning down your application.

9. Applying for a reduction because of a delay by your landlord

Your landlord must complete each part of your Right to Buy application within the set time limits. You could get a reduction in the sale price if they do not.

To apply for a reduction you must: - Fill in the '**Initial notice of delay' form (RTB6)** and send it to your landlord.

- Your landlord must then either move the sale along within 1 month or send you a 'counter notice'. The counter notice will either say that they have already replied or explain why they cannot speed things up. If your landlord does not reply within a month of receiving the RTB6 form, fill in the '**Operative notice of delay' form (RTB8)**
- This will mean that any rent you pay while you're waiting to hear back from your landlord could be taken off the sale price
- You can do this each time your landlord is late getting back to you

10. Purchasing the property

You still need to go down the conventional of getting a mortgage to purchase your help to buy property (unless you have enough to buy the property without a mortgage).

You can apply for a mortgage from a bank or building society and the lender will check you can afford to meet the repayments as they would with any other mortgage.

Before going ahead, please ensure you have enough money to cover all costs/fees associated with purchasing a home.

11. Selling your home

There are a few conditions to consider if you're looking to sell your property

If you sell your property within 10 years of buying it through Right to Buy, you must first offer it to either:

- Your old landlord
- Another social landlord in the area

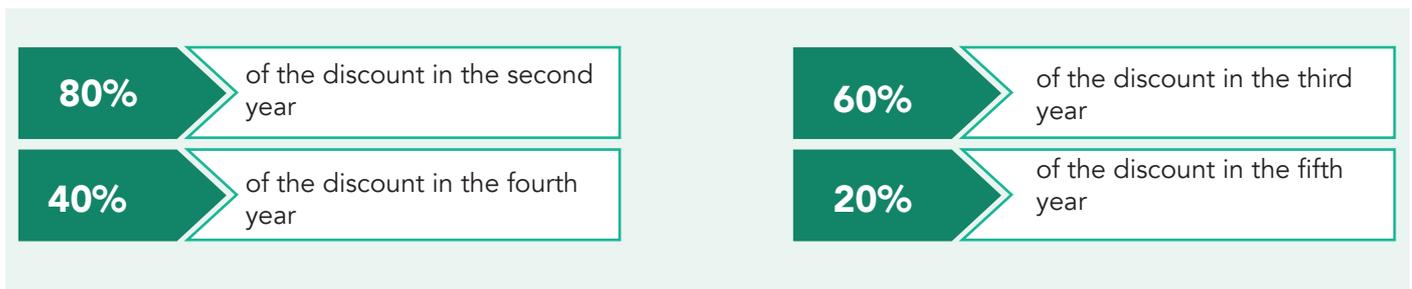
The property should be sold at the full market price (agreed between you and the landlord.) If you can not agree on a price, a District Valuer will determine how much your home is worth and set the price. (This valuation is free of charge).

You are allowed to sell your home to anyone if the landlord doesn't agree to buy it within eight weeks.

12. Paying back your discount if you sell your property

You will have to pay back some or maybe all of the discount you got if you sell your Right to Buy property within five years of buying it.

If you sell in the first year you will have to pay back all of the discount. After that, the total amount you pay back reduces to:



The amount you pay back is dependent on the value of your property when you sell it.

Example

You bought your home worth **£300,000** and got a 40% discount (£90,000). You then sold your home after 18 months for £320,000.

40% of £320,000 is £128,000. As you're in the second year, you would repay 80% of £128,000 (£102,400).

You may not have to pay back the discount if you transfer ownership of your home to a member of your family.

You'll need to agree this with your landlord first and then get a solicitor/conveyancer to carry out the transfer in ownership for you.

If you would like to do this please contact our specially selected conveyancers Mullis & Peake who can assist you.

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