



## Right to buy

### What is the Right to Buy and do I qualify?

The Right to Buy was introduced in the 1980s and is a scheme which allows public sector tenants to purchase their homes at a discounted price.

The Right to Acquire is very similar to the Right to Buy and was set up for those who have been Housing Association tenants but never council tenants. On this page the *Right to Buy* means the Preserved Right to Buy and the Right to Acquire.

### Herefordshire Housing tenants

If you were a tenant of Herefordshire Council before the transfer to Herefordshire Housing, you may have the Preserved Right to Buy.

If you were not a tenant of Herefordshire Council, you will not have the Preserved Right to Buy but may have the Right to Acquire if you have been a public sector tenant for 5 years. The Right to Acquire is very similar to the Right to Buy scheme but may offer a lower discount on the price of your home.

### Meres & Mosses Housing Association tenants

If you were a "secure tenant" when North Shropshire District Council transferred the homes to Meres and Mosses Housing Association, you will probably have a 'preserved' Right to Buy.

This means that you can buy your home at a discounted price if:

- You were a council tenant before 30th July 2007

## **AND**

- You live in a property which is your only or main home.

If you are a new tenant who lives in a property that was built or bought with public funds after 31st March 1997, you may have the 'Right to Acquire' your home. The conditions for this are similar to the Right to Buy, but the maximum discount you will receive is £9,000 off the market value of the property.

## **South Shropshire Housing Association tenants**

If you were a "secure tenant" when South Shropshire District Council transferred the homes to South Shropshire Housing Association, you will probably have a 'preserved' Right to Buy. This means that you can buy your home at a discounted price if:

- You were a council tenant before 4th April 1994

## **AND**

- You live in a property which is your only or main home.

The Right to Acquire does not apply to former South Shropshire Housing Association properties. For a property to be eligible under Right to Acquire, the property must have been transferred from a Local Council to a Housing Association after 31st March 1997. South Shropshire District Council transferred their homes to South Shropshire Housing Association on 4th April 1994 so this makes former South Shropshire District Council properties ineligible for Right to Acquire.

## **Are there any exceptions to the Right to Buy?**

Some properties are excluded from the Right to Buy scheme. These properties can include those suitable for the elderly and physically disabled and, for the Right to Acquire, those used for people with special needs and properties in some rural areas.

Your Right to Buy application may be suspended or stopped if any of the following court orders are in force against you or, in some cases have been applied for:

- Criminal Behaviour Order (CBO) or injunction

- Demotion Order
- Right to Buy Suspension Order
- Possession Order
- Suspended Possession Order which has been broken
- Or if a Demolition Notice is in place. You will not be able to buy your home if you have rent arrears, so you must ensure you keep up to date with rent payments.

## What price will I pay?

The price payable for the Right to Buy is based on a market valuation which will take into account size, location and condition etc. of the property, and is subject to a discount.

The Preserved Right to Buy discount depends on how long you have been a public sector tenant, including tenancies with Councils and other Right to Buy Landlords, e.g. other Housing Associations.

The *discounted* price cannot be less than a *cost floor* calculated by reference to Connexus' spending on the property. These costs include acquiring the property and works carried out at the property.

**The maximum Preserved Right to Buy discount is £26,000.**

**The Right to Acquire discount for properties in Herefordshire is £10,000. The Right to Acquire discount for properties in North Shropshire is £9,000.**

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## How can I claim?

If you would like to apply to exercise the Right to Buy then please contact us using the details [here](#) and ask for the Right to Buy Team. A pack, including an application form and info booklet, will then be sent out.

If you would prefer, we can also arrange a meeting at our offices to discuss the Right to Buy. We can also help you to complete the application forms and answer any queries.

When we receive your application we will send an acknowledgment letter. We will then carry out the necessary checks to see if you are entitled to buy your home or not. If you are entitled to buy your property, a valuation will be carried out and an Offer Notice will be sent to you.

This details the offer price and conditions of sale of the property. You will have 3 months in which to notify Connexus whether you would like to go ahead with the Right to Buy and to complete the purchase.

## **What if there is a delay or problem with the sale?**

If completion has not taken place after a 3 month period, Herefordshire Housing may issue you with a Section 140 Prior Notice to Complete - this allows you a further 56 days. If completion has still not taken place after the 56 days, then a Section 141, Final Notice to Complete may be issued to you. This allows a final 56 day period to complete. If completion does not take place within this time then the application is deemed to have been withdrawn. If you still wanted to buy your home then you would need to reapply.

If Connexus causes a delay, for example by not serving a relevant document within the statutory time limit, then you have the right to serve a Section 153A Initial Notice of Delay on Herefordshire Housing. Once this has been served Connexus must respond with an explanation of the delay or serve the relevant document within the time limit you set, which must be at least one month.

If Connexus is still causing a delay after this time then you can serve a Section 153B Operative Notice of Delay. From this point, if the delay continues then you may be eligible to offset your rent against the purchase price of the property.

## **What costs will I incur if I choose to buy?**

Should you decide to exercise the Right to Buy, you should be prepared to incur costs.

**These can include:**

- Stamp Duty - At the moment Stamp Duty is payable on property purchases of over £125,000.
  - Legal Fees - If you instruct solicitors they should inform you in advance of the legal costs.
  - Survey Fees - You should arrange a survey of your property, as this should warn you of significant defects. The cost will depend on how detailed the survey is.
  - Valuation fees and costs associated with taking out a mortgage.
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## **What are the responsibilities of being a homeowner?**

Once you become a homeowner you will be responsible for all of the costs of maintaining your home, including routine repairs, major structural repairs and improvements. The cost of maintaining and carrying out repairs in your home can be high. It is a good idea to get your home independently surveyed before you purchase it so that you can be given information about likely costs that will be incurred.

You will also be obliged to adhere to certain terms included in your Offer Notice, such as keeping your garden tidy.

If you have gas central heating, you will need to organize and pay for the servicing of this yourself.

It is important to carry out regular maintenance to your property - this may avoid larger works at a later date.

## **What if I buy a flat or maisonette?**

If you buy a flat or maisonette you will become a leaseholder. Being a leaseholder means that you own the right to live in your property for a period of time, this is usually 125 years. You will have a lease which is a legal contract between you and Connexus.

As a leaseholder, you effectively become a 'stakeholder' in the block you live in. This means that you will have to pay a service charge and may also have to pay a proportion of costs of major works and improvements to the block which includes your home.

For example: if you live in a block of 4 flats and Connexus have to replace the roof at a cost of £20,000 you may be liable for a contribution of £5,000.

As a leaseholder, you have the right to sell your lease on to someone else.

## **Could my home be repossessed?**

If you have a mortgage on your property your mortgage lender has a legal charge over your property.

This means that they can apply to the Courts to take possession of your home if you do not pay your mortgage.

If the Court grants possession to your mortgage company then you will be evicted and your home would be sold. The mortgage company will take the money you owe them from the proceeds of the sale, pay anyone else who has a charge over your property and then give you anything that is left over. If the mortgage company sells your home for less than you owe to them, you will still owe to them the balance of the mortgage loan which they have not received from the sale.

It is important to remember that your home is at risk if you do not keep up with mortgage repayments.

## **Citizens Advice can help with general debt advice**

### **Citizens Advice Herefordshire**

0344 826 9685

<https://www.herefordshirecab.org.uk/>

### **Citizens Advice Shropshire**

<https://www.cabshropshire.org.uk/>

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# Can I re-sell my home after exercising the Right to Buy?

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

- A Connexus Group landlord (South Shropshire Housing Association, Meres & Mosses Housing Association, Herefordshire Housing)
- 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't agree, a district valuer will say how much your home is worth and set the price. You will not have to pay for their valuation. If the landlord doesn't agree to buy your home within 8 weeks, you can sell it to anyone.

## Paying back your discount

If you sell your Right to Buy home within 5 years of buying it, you'll have to pay back some or all of the discount you got.

If you sell within the first year, you'll have to pay back all of the discount. On top of this, the amount you pay back depends on the value of your home when you sell it. So, if you got a 20% discount, you'll have to pay back 20% of the selling price.

If you sell after the first year, the total amount you pay back reduces. You pay back:

- 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

**Example:** you bought your home worth £100,000 and got a 40% discount (£40,000). You then sold your home after 18 months for £120,000.

40% of £120,000 is £48,000. As you are in the second year, you would repay 80% of £48,000 (£38,400).

You may not have to pay back the discount if you transfer ownership of your home to a member of your family. You will need to agree this first with your landlord or get a solicitor to do this for you. If you would like more information, please [contact us](#).

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