

Housing (Right to Buy) (Information to Secure Tenants) (England) Order 2005

Your Homes Newcastle is legally obliged to tell all **secure** tenants about the right to buy scheme. This leaflet has been designed to give you important information about the right to buy process.

Buying a home is a major commitment. We have tried to make this information easy to understand and it is a summary of the law relating to the right to buy but it is not a substitute for getting your own independent legal and financial advice.

The circumstances in which the right to buy can be exercised

If you are a secure tenant you have the right to buy after three years. This is known as the 'qualifying period'.

An introductory tenant does not have the right to buy but will gain it (subject to the normal conditions) once the tenancy becomes secure. The period during which you have an introductory tenancy occupying the dwelling house as your principle home will count towards the qualifying period.

If you have been a secure tenant with another local authority, housing association, or other public landlord you can have these tenancies taken into account. You may be able to buy your home with up to three members of your family so long as it is their only or principle home and they have lived with you throughout the last 12 months, or with someone who is a joint tenant with you so long as it is their only or principle home.

Exceptions to the right to buy

There are some circumstances where you may be refused the right to buy. You may not be able to buy your home if:

- You do not meet the initial qualification period
- It is not your only or principle home
- You are not a secure tenant
- A court makes a possession order that says you must leave your home
- You are undischarged bankrupt, have a bankruptcy petition pending against you, or you have made an agreement with creditors and you still owe them money
- It is particularly suitable for occupation by elderly people (taking into account its location, design, size and other features)
- It is not self-contained (you share part of the building with others, for example the kitchen or bathroom)
- You live in sheltered housing for the elderly or disabled where a warden service is provided
- It has features and special facilities that differ from ordinary dwellings.
- It is due to be demolished. A demolition notice may be served which is valid for five years and suspends our obligation to complete a right to buy purchase
- It is provided by your employer and is tied to your employment

How to claim your right to buy (making an application)?

The right to buy is a legal process and is explained in the following steps:

Applying to buy

Fill in the Right to Buy(RTB1) form and return it to us. This is available to download from our website or from the Governments Right to Buy Agent Service on 0300 123 0913.

Our response

Once we receive your form we will send you a notice (RTB2) within four weeks of receiving your application telling you if you have the right to buy or not.

Offer of sale

If we agree to sell your home to you we will send you an offer notice (known as the Section 125 Notice). This will tell you:

- The price you will have to pay
- A description of the property
- Estimate of service charges and any improvement costs for the first five years if the property is a flat or maisonette
- Any structural defects that we know about
- The terms and conditions attached to the sale
- How to appeal against the valuation of the property if you feel it is too high

Getting a survey and legal advice

Before you decide to buy you should get an independent structural survey carried out by a qualified surveyor. You should also get some legal advice from a solicitor or licenced conveyancer.

Telling us what you want to do next

You will need to decide if you want to buy your home or withdraw your application within twelve weeks of receiving your offer of sale. If you do not tell us what you intend to do we will send you a reminder and if you do not replay within 28 days we will assume that you do not want to buy and withdraw your application.

If you have decided to buy and you need a mortgage you will need to talk to a bank or building society.

Completing the purchase

If you have decided to buy you will need to return your acceptance form to us agreeing to the terms and conditions of the sale. You will need to instruct a solicitor, or licenced conveyancer to deal with the legal side of your purchase and to explain the terms of your lease if you are buying a flat or maisonette.

We will then send you a notice giving you 56 days to complete the purchase. If you have not completed within this time we will issue a second notice giving you a further 56 days to complete the purchase. If you do not complete by the end of the second 56 days we will withdraw the application.

Calculation of purchase price

We will calculate the purchase price of your home at the date we receive your application form, less any discount you are entitled to. The longer you have been a tenant, the more discount you are entitled to, up to a maximum of £82,800 (as at April 2019).

The discount for three, four and five years is 35% for houses then from year six you are entitled to an extra 1% discount for each extra complete year up to a maximum of 70%.

The discount for three, four and five years is 50% for flats and maisonettes then from year six you are entitled to an extra 2% discount for each extra complete year up to a maximum of 70%.

The discount you receive may be reduced if the amount of money we have spent on your home repairing it or maintaining it in the last 10 years is more than the purchase price of your home. This is called the cost floor. We cannot sell you your home for less than the cost floor amount.

What happens if the sale is delayed?

Most sales go through quickly but sometimes there are problems or delays. If we do not send you the RTB2 notice (telling you if you have the right to buy) or the Section 125 notice (offer notice) within the time limits you may be allowed a reduction in the purchase price. The official delay forms (RTB6 and RTB8) must be used and if the reason for the delay is upheld the rent you pay while the delay goes on will be taken off the price you pay for your home.

What are the costs of buying my home?

There are some initial costs that you are likely to have to pay when you exercise your right to buy.

Legal costs

We would always advise you to employ a solicitor or licenced conveyancer to look after the legal side of your purchase to make sure everything is done properly. You will have to pay for the time they incur on your behalf and for the legal searches that they will need to carry out.

Survey fees

You should always have a survey carried out of your home which will tell you of any defects. In general the more you pay for a survey the more information you will get. We carry out a valuation of the property but this is not a survey of the condition of the property.

Valuation fees and costs associated with taking out a mortgage

There is no charge for the valuation that we carry out on your property, however, if you need a mortgage your mortgage company will also carry out a valuation and usually charge for this. They may also charge an administration fee for arranging the mortgage.

Stamp duty

Currently, if your home is valued at over £125,000 you will have to pay stamp duty which is worked out as a percentage of the price you pay for the property.

What regular payments would you have as a homeowner?

When you become the owner of your home you will have to make regular payments, which are listed below:

Mortgage repayments

Unless you are going to buy your home with cash you will need a mortgage. You will have to repay the mortgage, plus interest, by monthly instalments. The monthly instalments can go up or down depending on the interest rate, unless you have a fixed rate mortgage.

If you are unable to keep up the repayments on your mortgage your lender may go to court to repossess your home. If you lose your home this way we do not have to give you another tenancy.

Service charges

If you buy a flat or maisonette you will usually purchase a long lease, normally 125 years. The freehold will still be owned by the Council, who will be responsible for the upkeep of the building as a whole and any communal facilities.

You will have to pay an annual ground rent of £10 but you will also have to pay service charges. There are two types of service charges:

- Annual service charges for things such as management fee, buildings insurance, routine repairs, lift maintenance, concierge and cleaning, door entry system maintenance. These costs can be several hundreds of pounds each year. If you apply for the right to buy we will give you an estimate of your annual service charge.
- Major work service charges for large scale works to the block for things like new windows, a new roof, rendering and communal decoration. You would have to pay your share of the councils costs which can vary considerably and in some cases can be many thousands of pounds. If you apply for the right to buy we will tell you what major work we expect to carry out in the next five years and give you an estimate of your contribution.

If service charges are not paid we will take recovery action against you and ask the courts for judgements against you.

Insurance costs

When you become a homeowner you should arrange to have adequate buildings insurance and some mortgage lenders may require you to take this out as part of your mortgage. You should also make sure that you have adequate cover in place for any contents inside your home.

If you are buying a flat or maisonette we will arrange the buildings insurance for you and recharge the premium to you as part of the annual service charge you pay.

Council tax and utility services

You will be responsible for paying the council tax, water, sewerage, gas, electricity and any other utility service direct to the service providers.

Maintenance costs

All properties deteriorate over time and require maintenance to keep them in a good state of repair which can be costly. You will be responsible for all repairs inside your home such as replacing boilers, kitchen units, bathroom fittings, repairing the electrical wiring or plumbing which are all things that we might have done for you when you were a tenant.

If you buy a house you will also be responsible for the maintenance of external parts of your property, such as renewing windows, brickwork repairs, roof repairs.

If you buy a flat or maisonette we remain responsible for carrying out external works but you will be charged for a share of our cost of carrying out this work.

Contact us

If you have any questions about right to buy please contact us in the following ways:

Our address

Home Ownership Team

YHN House

Benton Park Road

Newcastle upon Tyne

NE7 7LX

Our office hours are Monday – Friday 8:30am - 4:30pm

Contact details

- Telephone: 0191 278 7725
- E-mail: rtb@yhn.org.uk
- Website: www.yhn.org.uk

The government has also set up a helpline and website specifically for people who wish to find out more information about Right to Buy. The details are:

- Telephone: 0300 123 0913
- Website: www.communities.gov.uk/righttobuy