

Plus Dane Housing

# Right to Buy and Right to Acquire Policy

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## 1. Policy Statement

This policy sets out Plus Dane's aims, obligations and requirements in respect of the Right to Buy (RTB) and Right to Acquire (RTA) processes. We will be clear, consistent and fair in our approach to handling RTB and RTA applications ensuring compliance with relevant law.

## 2. Policy Aims

The aims and objectives of this policy are summarised as follows:

- Ensure that the RTB and RTA application processes are in line with Government guidelines, law and best practice.
- Provide clear advice and information to tenants.
- Be clear in determining eligibility for a property once an application is made.
- Provide easy access for dealing with enquiries.
- Ensure that the net receipts from the sales are reinvested in to new affordable homes.

## 3. Links to Corporate Plan:

This policy will support the Corporate Plan by continuing to support our objectives around locality working and being a sustainable organisation enabling tenants to thrive and progress across a full range of tenures whilst having a safe and secure base in a thriving community.

## 4. Our Approach

### 4.1 Application

When the customer initially contacts us we will have a conversation with them around eligibility and affordability.

If we feel that they meet the requirements and they wish to proceed then we will either send an application form to the customer or direct them to the Government's website from where it can be downloaded.

On receipt of the application an alert will be put on the property and only emergency repairs will be carried out whilst the application is processed.

### 4.2 Eligibility

The customer's eligibility to purchase the property will be in line with the legislative requirements set out by Government. Further information on

RTB and RTA is detailed below and can also be found on Homes England's Own Your Home website [www.ownyourhome.gov.uk](http://www.ownyourhome.gov.uk)

4.3 Why would a customer not be eligible:

- A court makes a possession order which says that they must leave their home
- They are undischarged bankrupt
- They have a bankruptcy petition pending against them
- They have an arrangement with creditors and still owe them money

4.4 Who can buy the property

If the tenant is eligible, they are able to buy the property with:

- Someone who is a joint tenant with them
- Their spouse or civil partner
- Up to three family members who have been living with them at the property for a minimum of 12 months prior to the application. They do not need to be on the tenancy agreement but it must be their only home.

4.5 Types of homes which do not qualify

- Homes due to be demolished
- Sheltered Housing
- Homes on land bought for development used temporarily for housing
- Homes of employees where occupancy is needed to be near to their employment
- Defective dwellings
- Properties without grant funding (RTA only)
- Properties where the freeholder is a non-social/public body (RTA only)

4.6 Affordability

The customer must ensure that they are able to afford the ongoing costs for their home. If they are taking out a mortgage, their Financial Advisor will inform them of their monthly payments. If there is a service charge payable we will inform them of the monthly payments during the conveyancing process.

If the customer is on benefits, then they should take time to understand if their benefits will be affected.

#### 4.7 Valuing the property

We will instruct a Royal Institute of Chartered Surveyors (RICS) Surveyor to provide a valuation of the property. RICS Surveyors are used as they have to follow strict guidelines set out by the RICS code of conduct to provide the valuation. If the customer is not in agreement with the valuation on their home they can request that this is reviewed by the District Valuer.

#### 4.8 Becoming a homeowner

If the customer is buying a flat they will always become a Leaseholder. This means when they buy their home they will be issued a lease for 125 years.

If they are buying a house then, in the main, the Freehold will be transferred to them. This will mean that they own the property outright. If the Freehold transfer is not possible then they will be issued with a lease for 125 years.

This is applicable if Plus Dane are the Freeholder. If Plus Dane are not the Freeholder please see 4.9

#### 4.9 Where Plus Dane is not the Freeholder

If Plus Dane is not the Freeholder then we will have a lease with someone else. We can only provide the customer with a lease for the same length of time (minus 10 days) that we have remaining on our lease. Where our lease is under 50 years for a flat or under 21 years for a house we will be unable to process their application.

We are not obligated to extend our lease with the Freeholder in order to accommodate their application nor are we required to buy the Freehold. In situations such as this the policy will align with Plus Dane's Asset Management policy.

#### 4.10 Selling their home

Once bought, the customer should not sell their home within the first 10 years of owning it. If however, their circumstances change and they need to sell it, they must first offer it to us for the open market value. If their offer is not accepted within 8 weeks they can sell the property on the open market. Plus Dane are not obliged to repurchase their home.

If they have to sell their home within the first 5 years of owning it then

they will need to repay the discount they received.

Years of ownership	Percentage discount to repay
Within 1 year	100%
1-2 years	80%
2-3 years	60%
3-4 years	40%
4-5 years	20%
5+ years	0%

The sale value will be based the current open market value. If they have made any improvements to the property after they have bought it, these will be discounted from the valuation.

#### 4.11 Reinvestment

Any money we receive from the sale of our homes through RTB or RTA will be reinvested in new homes, made available for rent.

## 5 Right to Buy

### 5.1 What is Right to Buy?

RTB is a Government scheme which was introduced in 1980 to enable tenants to buy their home. If eligible they are able to purchase the property at a discounted rate.

### 5.2 Right to Buy Eligibility

If the customer holds a secure tenancy with a minimum of three years as a public sector tenant they are able to purchase their home through RTB. If they were in armed forces accommodation for part of the three years this will count toward the qualifying period

If they were a council tenant with a secure tenancy whose property transferred to Plus Dane then they will have a Preserved Right to Buy.

### 5.3 RTB Discounts

The discount is determined by the length of time the customer has held their tenancy and whether they live in a flat or a house.

Property type	Minimum Discount	Maximum Discount
House	35%	70%
Flat	50%	70%

If they live in a house then the minimum discount is 35% based on their tenancy being between 3 to 5 years. After the 5<sup>th</sup> year the discount rises by 1% per year to a maximum of 70% or £84,600.

If they live in a flat the minimum discount is 50% based on their tenancy being between 3 to 5 years. After the 5<sup>th</sup> year the discount rises by 2% per year to a maximum of 70% or £84,600.

#### 5.4 Reductions to the RTB Discount

The RTB discount may be reduced by a special rule called the 'cost floor'. The cost floor is the cumulative figure for total amount spent on the property during either:

- 15 year period leading up to the sale if they are purchasing through the Preserved Right to buy or if the landlord acquired the property after 2 April 2012
- 10 year period if the landlord built or acquired the property before 2 April 2012.

The reduction does not take into account the first £5,500 if the costs calculated are in relation to repairs, improvements and maintenance.

If the cost floor figure is higher than the market value of the property, you **MUST** sell the property at market value - irrespective of what discount your tenant is entitled to.

If the cost floor figure is lower than the market value, but higher than the discounted sale price (the market value less any discount to which your tenant is entitled), then you **MUST** sell the property at cost floor.

If the cost floor figure is lower than the discounted sale price, it is ignored and the sale **MUST** be at the discounted sale price.

If the cost floor figure is relevant to your sale, your offer to sell needs to show the:

- market value
- discount your tenant is entitled to
- discounted sale price
- the cost floor (with a relevant explanation)

## **6 Right to Acquire**

### **6.1 What is Right to Acquire**

RTA is a Government scheme to enable tenants on an Assured Tenancy to buy their home. If eligible they are able to purchase the property at a discounted rate.

### **6.2 Right to Acquire Eligibility**

The customer must have held an Assured Tenancy for 3 years with any of the following public sectors:

- Housing Association
- Councils
- Armed Forces
- NHS Trusts and Foundation Trusts

The property must:

- Have been built or bought by a Housing Association after 31 March 1997 and funded through a social housing grant provided by the Housing Corporation or Local Council
- Transferred from a Local Council to a Housing Association after 31 March 1997

### **6.3 RTA Discount**

The discount the customer receives is dependent on where the property is in the Country. We will inform the customer of the discount amount at the point of application. Alternatively they can access this inform via the Government's website

<https://www.gov.uk/government/publications/right-to-acquire-discounts-by-location>

## **7 Customer Standards**

### **7.1 Procedures**

We will administer the applications in line with timelines which have been set out by the Government. Please review our procedures document which sets out the step by step process.



## 7.2 Complaints

If the customer wishes to make a complaint about the level of service they have received from us they may register a complaint under our Customer Complaint and Feedback Policy by going to [www.plusdane.co.uk/contact-us/feedback-and-complaints/](http://www.plusdane.co.uk/contact-us/feedback-and-complaints/)

## 7.3 Data sharing

The customer's data will be managed in accordance with our Data Protection Policy, which is available upon request. A copy of our Privacy Statement is also available on our website, [www.plusdane.co.uk](http://www.plusdane.co.uk).

We will process and share their personal and sensitive data that they provide us, in compliance with Data Protection Regulations for the purpose of providing their Tenancy. We will not transfer, sell or share the data apart from the purposes detailed in our privacy policy.

[www.plusdane.co.uk/privacy-policy](http://www.plusdane.co.uk/privacy-policy)

## 8 Assurance

Assurance is provided by ensuring we are adhering to Government guidance on both processes.

- Housing Management confirm the customer's eligibility in line with their tenancy agreement

The Homeownership and Commercial Manager reviews and signs off the application prior to the following stages:

- RTB2 or RTA2 being sent
- Section 125 offer letter being sent

## 9 Equality Impact Assessment

Full EIA is not required

## 10 Modern Slavery & Human Trafficking

All applications are with existing tenants who are managed by Plus Dane's social housing team. Checks on tenancy are confirmed and supported by the teams who manage the tenancies on a day to day basis.