

VOLUNTARY RIGHT TO BUY

HELPFUL GUIDE

In this helpful guide, we will address the below sections:

1. **What is Voluntary Right to Buy?**
2. **Thinking of applying?**
3. **Are you eligible?**
4. **What discount could you get?**
5. **Understanding the costs of home ownership**
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1. WHAT IS VOLUNTARY RIGHT TO BUY?

To support the Government goal of helping people into home ownership they have committed to extend the Right to Buy scheme to housing association tenants. This idea is being tested across the Midlands and Castle Vale Community Housing Association is taking part in this pilot.

Under the new Voluntary Right to Buy pilot scheme, some housing association tenants may be able to buy their home from their housing association. **You may be eligible for a discount of between 40% and 70% of the value of the property, up to a maximum of £80,900 whichever the lower is.**

Buying your home is one of the biggest decisions that you will have to make and it will affect all those who live in the property and while buying can seem attractive, it's key to remember property values can either increase or decrease over the years so there's always a chance your property may be worth less than you paid for it if you decide to re-sell.

Owning a property brings with it responsibilities, costs and financial commitments. These can include:

- **Repairs to the property**
As you now own the property, you are responsible for all repair works
- **Monthly mortgage payments**
If you choose to finance your purchase with a mortgage

- **Service charges**

For leasehold properties (E.g. Communal areas in flats)

If you fail to meet your commitments and responsibilities, you could lose your home. Therefore, you should think very carefully before buying and get plenty of advice from independent advisors before deciding to go ahead.

Please note that if you already have the Right to Buy or preserved Right to Buy (normally if your property was transferred from a local authority to a Housing Association) you will not qualify for this Voluntary Right to Buy scheme – but please speak to us if in doubt.

If you have these rights and you want to apply or find out more, please visit

www.righttobuy.communities.gov.uk or call **0300 123 0913**

There are some exclusions to the Voluntary Right to Buy scheme. To check to see if you or your property may not be eligible, please refer below to review our [exclusions list](#).

The pilot is limited to a certain number of sales. **There is an application fee of £250 which will be refunded to you if you complete your purchase.** If your property is excluded from the scheme or we are unable to sell it to you for legal reasons, we will refund the application fee to you. If you decide to cancel your application at any stage and choose not to purchase your property, the fee will not be refunded.

Your application at all times is subject to completion.

Please do not apply for a mortgage, instruct solicitors or make any other financial commitments until you have received an offer of discount letter. You will need to accept the offer within the required period, as these commitments will be incurred at your own risk. Once you have completed and submitted your application, it is a good idea to start thinking about your financial options, but do not commit to anything.

2. THINKING OF APPLYING?

Thinking of applying? You don't have to do it alone!

You can make a joint application for the Voluntary Right to Buy Pilot scheme. So if you're eligible, you might be able to buy your home with:

- **Someone who shares your tenancy**
- **Your husband, wife or civil partner**
- **Up to three family members who have lived with you for the past 12 months** (who are over the age of 18)

The person(s) you are buying with doesn't have to be on your tenancy agreement, but it must be their main home. We will ask for proof that they have lived in the property for at least 12 months and check that they do not own an interest in any other property.

3. ARE YOU ELIGIBLE?

Our eligibility table provides information on whether **you** might be eligible to buy your home:

YES	NO
<ul style="list-style-type: none"> • You can prove you have been a tenant of social or affordable housing for at least 3 years. <p>This need not have been with the same landlord, or continuous.</p> <ul style="list-style-type: none"> • You currently hold an un-demoted secure tenancy, an assured tenancy, or a Localism Act fixed term tenancy. • You can demonstrate that the property is your main home and they have resided in it for at least the last 12 months. • If you are applying jointly with up to 3 family members, the 	<ul style="list-style-type: none"> • If you already have Preserved Right to Buy • If at the time of application, they hold an assured <u>short-hold</u> tenancy (other than a Localism Act fixed term tenancy), a contractual (non-assured, non-secure) tenancy or are a licensee • You have a fixed term tenancy of less than 2 years, or if you have a periodic assured shorthold tenancy (including a starter tenancy which has not converted)

other applicants can also demonstrate that it is their main home and it has been their residence for at least the last 12 months.

No joint applicant can be added to or removed from the application during the process without voiding the application, and therefore requiring a reapplication by the tenant(s).

Joint applications where any applicant is ineligible will be voided.

- **You, and any joint applicants, have the right to reside in the UK, and can demonstrate that you meet the immigration status checks.**
- **The onus is on you to demonstrate that you qualify for the whole eligibility period being claimed.**

In exceptional circumstances, tenants can make a statutory declaration, but this would need to be supported by some indirect evidence (e.g. that the public sector landlord owned the relevant property for the period in question).

- **You live in a home specifically allocated to older persons or are receiving support which is excluded from the Midlands VRTB Pilot**

See [Policy](#) for more information

- **You do not have the right to reside in the UK, and cannot demonstrate that they meet the immigration status checks**
- **You have any rent arrears at any stage of the application to the point of sale**
- **You or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit arrangements**
- **You have committed anti-social behaviour as defined in the Paragraph 11 of Schedule 11 to the Anti-Social Behaviour, Crime and Policing Act 2014 and the housing association has initiated legal proceedings as a result of this**

Tenants would become eligible if such legal proceedings were withdrawn or discontinued

- **You are currently subject to legal proceedings, e.g. injunction proceedings have been issued or a notice of seeking possession (NOSP) has been served**
- **You already own a property at the point of application; and will not end their ownership on or before the completion of the Voluntary Right to Buy**
- **You are currently subject to the mortgage rescue scheme**

You will become eligible if you move to a new property or are granted a new tenancy

- **You are a shared ownership tenant**

If you can answer 'yes' to **all** of these statements, you may be eligible.

The below properties are also exempt from sale under the Voluntary Right to Buy pilot. We will be able to confirm if we can sell you your property after we have checked your application, and received permission from Homes England, however if you'd like to check if your home is eligible for portability then please see the table below:

Home /Tenure type	Reason	Does Portability apply?
Homes allocated for Older Persons or people with support needs (Phoenix Court, Whittle Croft and Chivenor House)	The government has excluded these homes from the VRTB Midlands pilot.	<p style="text-align: center;">No</p> <p style="text-align: center;">The government has excluded these homes from the Midland Pilot.</p>
4 and 5 bedroom homes	There is a high demand and limited supply of these homes.	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Portability applies.</p>
Bungalows	These homes are designed specifically for older or vulnerable tenants requiring level access to facilities.	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Portability applies.</p>
General Needs High Rise Tower Blocks (Topcliffe House)	The tragic events at Grenfell Tower in 2017 has led the sector to question the appropriateness of VRTB in 'higher risk' buildings, in particular around sub-letting. On balance, it seems appropriate to exclude Topcliffe House for reasons of tenant/fire safety. These types of homes may be subject to significant Asset Management investment by 2020 which will have a significant financial impact on future leaseholders.	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Portability applies.</p>

Homes where a Section 106 Agreement applies (7 Affordable Rent homes at Tangmere Drive)	These homes were developed with restrictions which require the home to be let at an affordable rent and not be used for homeownership.	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Portability applies.</p>
Market Rent, Shared Ownership, Mortgage Rescue Scheme, Rent to Buy and Shared Living homes	These homes are excluded from the VRTB scheme.	<p style="text-align: center;">No</p> <p style="text-align: center;">These homes are excluded from the scheme.</p>

What happens if my property is not eligible for VRTB?

If your property is not eligible to purchase under VRTB due to exclusions, we may still be able to work with you to identify another property which does qualify. This could be with us or another landlord in the Midlands. This process is called porting.

How does porting work?

Where CVCH cannot sell a property due to restrictions, we will offer an opportunity to port into another property that we can sell. CVCH will determine a suitable offer based on household need including the property type, size and locality and will make **one** reasonable offer of suitable alternative accommodation to the tenant within 12 weeks of the application being received. The alternative property being offered does not require to match property type which the tenant currently occupies.

So, if me and my home are both eligible will the sale go ahead?

Before completing an application form you must first register through the Government's Right to Buy website (www.righttobuy.gov.uk) to receive a unique reference number (URN).

There is a limited amount of funding provided by the Government for this scheme, and so the number of URN's will be restricted. The URN must be included on your application form and CVCHA will not accept applications without it.

Further details on the allocation of places for the pilot will be published on

www.righttobuy.gov.uk when the pilot launches.

4. WHAT DISCOUNT COULD YOU GET?

You may qualify for a bigger discount for the longer you have been a tenant.
You can receive up to a maximum discount of £80,900 or 70% of the value (whichever is lower).

Discount levels for houses and flats start at 10 years of eligible tenancy, increasing for every year of tenancy, up to 70% of the property value.

For an idea of the discount that you may be able to get, please use the online Right to Buy calculator. Simply search 'Right to Buy calculator' or go directly to:
www.righttobuy.communities.gov.uk/right-to-buy-calculator

You could also check out local estate agents and property search websites to get a rough idea of what your home could be worth.

You might get a lower discount if you previously bought another home through Right to Buy, or if we have spent some money on improving your home.

If you have made improvements to your home yourself, make sure you let us know (as part of the application form) so that we can reflect this in the valuation.

DISCOUNTS FOR HOUSES

Discounts start at 35% for 5 years' tenancy. Add 1% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years' tenancy = 40%, 20 years' = 50%).

Example:

Current house value	£120,000
Years as a tenant	10 years
Eligibility discount	(35% + 1% for each year over 5 years) 40%
DISCOUNT VALUE	£48,000
PRICE YOU PAY FOR HOUSE	£72,000 (£120,000 - £48,000)

DISCOUNTS FOR FLATS

Discounts start at 50% for 5 years' tenancy. Add 2% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years' tenancy = 60%, 15 years' = 70%).

Example:

Current house value	£100,000
Years as a tenant	10 years
Eligibility discount	(50% + 2% for each year over 5 years) 60%
DISCOUNT VALUE	£60,000
PRICE YOU PAY FOR FLAT	£40,000 (£100,000 - £60,000)

5. UNDERSTANDING THE COSTS OF HOME OWNERSHIP

For most people, buying a home is the biggest investment they will ever make. It's an exciting time, but there is a lot to think about.

You need to look at all the costs involved – not just mortgage payments. You need to work out if you can afford it not only now, but in the future too, when your circumstances may be different. Bear in mind that house prices could go down as well as up.

It's a good idea to look into the costs of home ownership as early as possible, before you get too far into the Voluntary Right to Buy process. You are responsible for how you finance your Voluntary Right to Buy – we can't arrange this for you.

Remember:

The plans for the Voluntary Right to Buy (and other legislation which relates to the sale) are currently going through Parliament. We can only sell you your home when those laws have come into force and we have the consents and agreements we need from the Homes England first. You will be making an application at your own risk.

6. CAN YOU AFFORD IT?

Mortgage or loan?

You are likely to need a loan or mortgage, which you would pay back with interest, usually in monthly payments. The interest rate will be in the mortgage deal that you agree with your lender (usually a bank or building society) and can change over time. Remember that interest rates could go up or down in the future, which will mean the money you will pay back each month could change significantly.

How much can you borrow?

This depends on your personal circumstances, such as your income, your outgoings, whether you're buying alone or with someone else.

You agree with the lender how long you need the mortgage for and whether you can afford the monthly repayments.

When deciding the period your mortgage will be paid over, remember that when you retire this could affect how much you can afford for mortgage payments.

The type of property you live in can also affect whether you can get a mortgage – for example, some lenders won't lend money on a flat in a high-rise block.

Even if you don't need a mortgage yourself, it's worth checking whether lenders are willing to give mortgages on the type of property you are buying. You may want to sell in the future to someone who does need a mortgage.

7. THINGS TO CONSIDER BEFORE YOU BUY

Finding the best option for you

There are different mortgage options available from different lenders. For example, some will treat your Voluntary Right to Buy discount as your deposit, while others will not.

It's worth shopping around to compare the deals available to you, and get impartial advice before making up your mind. The Money Advice Service is a good place to start – they provide free, unbiased advice.

You could also look at comparison sites and online calculators to help you get an idea of costs. The Money Advice Service offers a useful mortgage calculator on their website. This will provide an indication of approximate mortgage costs. Simply search 'Money Advice Service mortgage calculator' or go directly to www.moneyadviceservice.org.uk/en/tools/mortgage-calculator

You could also talk to a bank, building society, mortgage broker or an independent financial adviser (IFA). Some brokers and advisors charge for their services, so ask before appointing them. Whoever you speak to, make sure they are regulated by the Financial Conduct Authority (FCA).

Many lenders will also charge a fee to set up a loan or mortgage. Make sure that you understand the terms and all the costs involved before you commit anything.

Check out carefully any person or company offering to help you buy your home as some of them may charge a fee. The company may be offering a deal which is far better for them, than for you.

So make sure you:

- **Shop around**
- **Check out carefully anyone offering to help**
- **Get advice**
- **Check all the costs upfront**
(the cheapest quote may not be the best one for you)

Please remember that we cannot sell you your home until Parliament agrees and it becomes law. Do not apply for a mortgage, instruct solicitors or make other financial commitments until you have received an offer of discount letter from us and accepted the offer. You will need to accept it within the required period, as any costs incurred will be at your own risk.

8. OTHER COSTS OF BUYING A HOME

There are some one-off costs when buying your home, as well as ongoing costs. Costs below are correct at time of publication and are only provided as a guide.

One-off costs

Mortgage advice: You may choose to get advice from an independent financial adviser or mortgage broker. Costs can vary, so make sure to research before committing to any company.

Survey: You may want to get an independent survey done. This will highlight any problems (such as repairs) you will need to know about before you buy. Costs can vary depending on the type of survey. Typically they start at around £250 for a basic valuation survey.

Valuation: If you do not agree with the valuation we have given, please be aware that you will need to pay for the second valuation from our approved list.

Legal fees: You will need to hire a solicitor or other licensed conveyancer for the legal aspects of your purchase (searches, land registry fees, deeds, etc). Costs can vary, and are typically around £750 and upwards.

Stamp duty: This is a one-off tax you pay when you buy a property. The amount is usually based on a percentage of the purchase price and varies according to the property value. Stamp duty does not apply to properties under a certain value (currently £125,000).

Ongoing costs

When you buy your home, you take on some ongoing costs and responsibilities that you might not have had as a tenant.

Maintenance and repairs: As a homeowner, your landlord will no longer organise repairs to your home. You will need to arrange and pay for these yourself. These could include electrical and plumbing jobs through to more expensive repairs such as a new boiler or repairing your roof. It's a good idea to set aside some money each month for maintenance and repairs. Be aware that you may need permission for some changes (such as planning permission for an extension), so check before you get started.

Service charges: If you pay us service charges now, you will probably be required to continue to pay us service charges in the future. This is so that we can still provide services to everyone. Flats are leasehold properties. When you buy a leasehold property, the freeholder (usually us) will still be responsible for maintaining the building and the surrounding, communal areas – as defined in your lease.

As a leaseholder, you will pay your share of these costs – known as the service charge. When major repairs and maintenance are needed in your block or estate, you'll have to pay a share of the costs too. This can be several thousand pounds if, for example, a new lift or windows are needed. Your landlord must consult with you before starting any major works. Before you buy, ask about any long-term

9. VOLUNTARY RIGHT TO BUY PILOT A STEP-BY-STEP GUIDE

- Visit the www.righttobuy.gov.uk website to register for the pilot and obtain your unique reference number (URN).
- Download the application form from their website and complete the application form for VRTB. Remember to include your URN. It is a good idea to keep a copy of the completed form.
- Within four weeks we will review your application form and evidence you have provided. We may then ask for further information. Once we are satisfied with the information you have provided we will contact you confirming whether you have the Voluntary Right to Buy and whether your property is available for purchase under our Right to Buy policy, this can be found above and on our policy.

- If your property is excluded by our policy but you are eligible, we will offer you the opportunity to port to an alternative property
- If we accept your application and your property is available to buy we will notify you and you will then need to arrange an appointment to bring in documents, pay an application fee for £250 and select a surveyor. You need to arrange this within 10 working days of receiving the acceptance letter. If you do not contact us within this time your application will be cancelled.
- Please note that the application fee is only refundable at the point of completion of the purchase.
- At the appointment you will be asked to select a surveyor to undertake the valuation of your home. We have a list of participating Royal Institute of Chartered Surveyors (RICS) qualified surveyors for you to choose from.
- Upon completion of the valuation, we will send you an offer notice. This offer notice will set out:
 - o The RICS qualified surveyor's valuation of your property*, your discount and the price you'll pay.
 - o Any structural problems the landlord knows about.
 - o Any terms and conditions of the purchase.
 - o For leasehold properties only, your offer notice will also include an estimate of the service charges that you will need to pay over the next 5 years.

*If you are not happy with the valuation you can ask for a second valuation at your own cost from another RICS qualified surveyor from the approved list. You may want to check the costs of a second valuation before proceeding.

- You will then need to decide whether you want to go ahead with VRTB, and you have up to 4 weeks to accept the offer. It is during this time that you will need to arrange a mortgage or loan if you need one, get a survey, instruct a solicitor and get independent financial and legal advice if you have not already done so. It is important that you understand all costs involved before you accept the offer.
- If you do not respond within 4 weeks with the solicitors' details your application may be cancelled under the assumption that you are not moving forward.
- Once you are happy with our terms and have arranged payment for your home you can complete the purchase. It is usually during this time that you pay any stamp duty if applicable and finalise and sign all paperwork. Your solicitor should advise you and help with arrangements for these final stages of the process. This conveyancing stage should be completed within 12 weeks.

TIMELINE OF A SUCCESSFUL APPLICATION

Obtain URN

4 weeks

Submit Application to CVCH

4 weeks

Application Accepted

10 days

Interview arranged

**Provide documents
Select Surveyor
Pay £250 fee**

12 weeks

Offer Price Received

4 Weeks

Accept Offer

Appoint a solicitor

12 Weeks

**Sale completes
You are a home owner!**

10. THINGS TO REMEMBER

WARNING

Is someone trying to advise you to buy your home?

If you are considering buying your home, application forms and advice on how to complete them are available from CVCH and Right to Buy agents for free.

If you need advice on any aspect of purchasing your home, **contact CVCH first**. If you are approached by a person or a company offering to help you buy your home please talk to us before signing anything. Some companies have hidden charges which you will end up paying, or you may end up purchasing financial products which you did not want or need.

You should also obtain impartial financial and legal advice. Buying your home is a big decision. It's a good idea to find out if you can afford to purchase and maintain your home before you make an application.

11. CONTACT DETAILS

You can get free information and advice from:

- **The Governments Right to Buy website**
www.righttobuy.gov.uk
0300 123 0913
- **The Right To Buy Agents**
www.righttobuy.gov.uk/agent-service
0300 123 0913
- **Castle Vale Community Housing**
www.cvcha.org.uk/voluntary-right-to-buy
Ophelia.kainth@pioneergroup.org.uk
0121 748 8195
- **Your local Citizens Advice**