

Information

On

Purchasing

Your

Home

# Do you have the right to buy your property?

## Introduction

### Who has the right to buy their property?

Tenants who have the Right to Buy, the Preserved Right to Buy or the Right to Acquire are able to purchase their property. They are referred to as 'the Right to Buy' in this leaflet.

### What are Right to Buy / Preserved Right to Buy?

The right to buy scheme was introduced in 1980. It was a way of tenants being able to buy their home at a discount, based on the number of years they had spent as a tenant. It is only available to secure residents of a Non-Charitable Housing Association, Local Authority or other Registered Social Landlord RSL.

However if you were a secure tenant of a Local Authority, which was subject to a transfer to a Housing Association or other RSL, you may have what is known as 'Preserved Right to Buy'. This only applies if you were living in the property at the time of the transfer and are still living in the property.

### What is Right to Acquire?

The Right to Acquire is for properties built or purchased by MossCare on or after the 1<sup>st</sup> April 1997, funded through a social housing grant given by the Housing Corporation to MossCare.

### Which MossCare Housing tenants can buy their property?

As mentioned above, if you were a former Manchester City Council tenant and were living in the property when it transferred over to MossCare Housing Limited, you may be able to buy your property.

Properties that MossCare have bought or built since the 1<sup>st</sup> April 1997, that were purchased using social housing grant.

### Who is exempt from buying their property?

Existing tenants of MossCare Housing, as MossCare is a charitable housing association and as such tenants of a charitable housing association are exempt from the right to buy scheme.

Tenants of a sheltered housing scheme for the elderly and special needs schemes are also exempt from Right to Buy. Tenants of temporary accommodation such as hostels and student lets are also exempt from Right to Buy.

## Are there any other criteria for buying your property?

Yes, you must have spent at least 2 years as a tenant; if your tenancy commenced before the 18<sup>th</sup> January 2005, or 5 years for all other tenancies, and your property is your only home and is self-contained. You cannot buy your home if you have a court possession order which says you must leave your home, you cannot purchase your home if you are an un-discharged bankrupt nor have a bankruptcy petition pending against you.

You can exercise a joint right to buy with a member of your family, if they have lived with you for the past 12 months, or with a person who is a joint tenant with you.

## Right to Buy Discount Rules

Your discount depends on your "qualifying period". This is the total time you have spent as a public-sector tenant (not just as a tenant of Mosscafe Housing). This may include time spent in other properties and/or with different landlords. If you lived with your parents after the age of 16 and later became a tenant of the same home you may be able to include that time as well. You must have a qualifying period of at least five years to be allowed to buy your home.

### Pre 18<sup>th</sup> January 2005

#### **Houses**

The basic discount after two years is 32% for houses. You then receive an extra 1% discount for each extra year, up to a limit of 60%.

#### **Flats and Maisonettes**

The basic discount after two years is 44% for flats and maisonettes. You then receive an extra 2% discount for each extra year, up to a limit of 70%.

### Post 18<sup>th</sup> January 2005

#### **Houses**

The basic discount after five years is 35% for houses. You then receive an extra 1% discount for each extra year, up to a limit of 60%.

#### **Flats and Maisonettes**

The basic discount after five years is 50% for flats and maisonettes. You then receive an extra 2% discount for each extra year, up to a limit of 70%.

## Limits on discount

- If you have previously bought a property under the Right to Buy scheme, then the discount you received for that property will usually be taken off the discount on a subsequent Right to Buy purchase.
- For anyone buying under the Right to Buy in Greater Manchester the maximum discount is £26,000.

If you sell your home within 5 years of buying it from Mosscafe Housing you will have to repay some or your entire discount. If you sell your home within the 10 years of purchasing it under the Right to Buy after 18<sup>th</sup> January 2005, you must first offer it back to Mosscafe at the market value.

If you applied for the Right to Buy before the 18<sup>th</sup> January 2005 the above discount periods are slightly different, please contact the Sales Team for more information.

## Selling the home you purchased under the Right to Buy

You can sell your home whenever you like. However, if you sell within discount period you will normally have to repay some or the entire discount you received.

Below is the example for the 5 year discount period

<b>SALE WITHIN</b>	<b>DISCOUNT REPAYABLE</b>
<b>1<sup>st</sup> Year</b>	<b>100%</b>
<b>2<sup>nd</sup> Year</b>	<b>80%</b>
<b>3<sup>rd</sup> Year</b>	<b>60%</b>
<b>4<sup>th</sup> Year</b>	<b>40%</b>
<b>5<sup>th</sup> Year</b>	<b>20%</b>

If your purchase was delayed and the purchase price was reduced as a result, your five-year period for paying back the discount will be backdated by the amount of the delay.

During the sixth year and onwards you can sell the property without having to repay any of the discount.

## Buying your own home - things to consider

Buying your home is probably the biggest financial decision you will ever make. So take time to consider whether it is the right choice for you. For example, if you are a tenant who uses the Right to Buy scheme you will become responsible for all the costs of maintaining your home, including major structural repairs, routine repairs and improvements.

### What costs are involved?

You also need to take the following costs into consideration:

- mortgage repayments (**£55,000 over twenty-five years repayment mortgage would be around £335.00 per month at 5.5%**)
- buildings insurance
- mortgage protection insurance for if you fall ill or lose your job
- life assurance to enable your family to pay off the mortgage if you die
- contents insurance against the risk of theft, fire, flood or other accidents
- council tax and water charges
- gas, electricity, telephone, etc
- ground rent and service charges may apply

The process of buying a house is also costly, as you may need to pay for:

- a solicitor or licensed conveyancer (**basic legal fees of between £350/£550**)
- an independent survey (**between £200/£300 for basic survey and around £1,000 for a full survey**)
- the mortgage to be arranged
- the Land Registry fee (**around £50.00**)
- Stamp Duty (**1% of purchase price for properties values between £120,001 and £250,000**)

As a tenant, you may be able to claim housing benefit to help with the rent. As an owner-occupier, you will not receive any housing benefit to help with your mortgage costs. You may be entitled to income support to assist with housing costs, but this is not usually payable for nine months after you first claim it.

If you are elderly and own your home, its value may be taken into account in assessing whether you are eligible for financial help with the costs of residential care.

## Beware!

If you are approached by a person or company offering to help you buy your home, check out what's in it for them and talk to your landlord before signing up to any deal.

Some companies offer tenants money up front in a deal under which the company ends up owning the property after three years. This is good for the company, which can charge a higher rent than the local authority could when it let the property. But it is not always good for tenants, because the money they get may not be enough to buy another home. Some tenants have found themselves homeless after agreeing to such deals.

## Possible problems with the sale

### (i) Application for Right to Buy rejected by Mossclare Housing

If Mossclare Housing says that you don't have the right to buy your home we will tell you why. If you still do not understand the reason you have been refused, you should ask the Sales Team at Mossclare Housing for a further explanation. If you still disagree with this explanation you can get advice from a Citizens Advice Bureau, the Office of the Deputy Prime Minister, or a solicitor

### (ii) Delays on the purchaser's part

Following your Notice of Intent to Mossclare Housing to proceed with the purchase you have a reasonable amount of time to complete the purchase. You should take as much time as you reasonably need to seek legal and financial advice, which we advise you seek.

If after 3 months (or 12 months if your tenancy started before 18<sup>th</sup> January 2005) from the date Mossclare Housing sent you the Section 125 Notice the completion of the sale has not occurred, then Mossclare Housing can take steps to either speed up completion or, as a last resort, withdraw your application.

Mossclare Housing will first send you a *Section 140 - prior notice*, giving you 56 days to either complete the sale or write informing Mossclare Housing that you disagree with the terms of the sale and an explanation why. If you do not do this, Mossclare Housing will send you a *Section 141 - notice to complete*, informing you that either the sale must be completed or else it will be terminated.

### (iii) Delays on Mosscares Housing's part

Most Right to Buy sales go through without any problems, however there are occasionally problems or delays, the causes of which may be out of Mosscares Housing's control.

However, if Mosscares Housing does not meet its statutory obligations there are options available to you as the purchaser. Firstly, if Mosscares Housing does not send you the RTB2 Form or Section 125 Notice within the statutory time limits you may be entitled to a reduction in the purchase price.

To claim this reduction you must first fill in an *Initial Notice of Delay (RTB6) Form* and return it to Mosscares Housing. Mosscares Housing then has one month to take the next step in the sale process. If it does this, or if there is no possible action, which could speed up your purchase, then Mosscares Housing would serve you with a *Counter Notice*.

If the Counter Notice is not sent within the time allowed you can then send Mosscares Housing an *Operative Notice of Delay (RTB8) Form*. The amount of rent you pay during this period of delay will then be taken off the purchase price. If Mosscares Housing delays the sale unnecessarily again you can repeat this procedure.

If there are any other problems ask the Citizen's Advice Bureau or a solicitor about your rights. You can also get advice from the ODPM – tel. 0207 944 3427 with problems with the sale that Mosscares Housing is unable to resolve.

## How can you find out more?

If you are interested in the right to buy scheme and want more information, contact the Sales Team at Mosscares on 0161 226-4211 for more information.