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# Home Ownership

# The Right To Buy

**The Right to Buy scheme was introduced in 1980 and is designed to help council and housing association tenants buy their home. Under the scheme, tenants can buy the property at a discount.**

Since April 2015 maximum discounts were increased from £16,000 in some areas to a maximum of £77,900 across England (£103,900 London). The longer the tenant rented the property, the bigger the discount he gets off the market value of their home. The amounts of discount will increase every year on the 6th April in line with the Consumer Price Index (CPI). Already more than 33,000 households have taken up their Right to Buy. Funds raised through sales are going towards building new affordable homes for rent.

Buying a house- discounts start at 35% after three years of eligible tenancy. This remains at 35% until the tenancy reaches five years. After five years 1% is added for each extra year up to 70% or the cash maximum, whichever is lower. (e.g. 10 years tenancy = 40%, 20 years' = 50%)

Buying a flat- discounts start at 50% for three years' rental. This remains at 50% until you reach five years' tenancy. After five years 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%)

## Eligibility

- The Right to Buy applies to council tenants or council tenants at the time their home was transferred to another landlord
- Being a public property tenant for at least three years
- Joint application is possible (with family or someone you share the property)
- Home is not going to be demolished
- Home is not the sheltered housing or for disabled or elderly people

- Tenant does not have any legal problems with debt
- Tenant does not have any outstanding possession orders

## Home ownership step by step:

1. Check eligibility
2. Check costs connected with home ownership
  - mortgage costs
  - survey costs
  - legal advice costs
  - stamp duty
  - ongoing costs of maintenance and repairs, insurance, service charge if applicable
  - as a homeowner, you will have not right to housing benefit
3. Fill in an application form (RTB1). Download form at [www.communities.gov.uk/righttobuy](http://www.communities.gov.uk/righttobuy)
4. Confirm eligibility- the landlord has up to 4 weeks to reply confirming whether you have the Right to Buy (this is eight weeks if you have been with your current landlord for less than three years).
5. Get the offer- the landlord has another eight weeks to send an offer notice for a house or 12 weeks for a flat. This offer notice, which is known as an S125 notice, sets out:
  - their valuation of your property\*, your discount, the price you'll pay
  - any structural problems they know about
  - any terms and conditions
  - For leasehold properties only, the S125 offer notice will also include an estimate of the service charges that you will need to pay over the next five years. If your landlord does not keep to the timescale, you can get the reduction in price.
6. Accept the offer and arrange the mortgage- you have up to 12 weeks to accept the offer.
7. Complete the purchase

## Selling your property

Property bought through the Right to Buy can be sold, but the following restrictions apply:

### Selling within ten years:

Firstly owner has to ask the former landlord if they want to buy the home back at market value. If the previous landlord refuses then, the owner can sell it on the open market.

### Selling within five years:

Tenant will usually have to repay some or all of the Right to Buy discount – the amount depends on the selling price of the house and the time of ownership. Same applies if the tenant agrees to transfer the property to somebody else.

### If the tenant lives in a rural area:

you may only be allowed to sell your home to someone who lives or works locally.

There is the Government's Right to Buy agent service that offers free advice on the Right to Buy scheme. It provides support during the process of buying, including information on finding a mortgage, appointing a solicitor and arranging a survey. Right to Buy advisers are available from Monday to Friday, 8 am to 6 pm. You can phone or chat online with them. 0300 123 0913 [www.communities.gov.uk/righttobuy](http://www.communities.gov.uk/righttobuy)

## Things to consider:

- Homeowners are not eligible for housing benefit.
- Home insurance and life insurance should be considered (some lenders require this).
- Home could be at risk of repossession if the owner fails to keep up with mortgage or loan repayments.
- Check if banks are willing to accept mortgages on previous council or housing association properties in case of selling in the future
- Check upfront all costs associated with buying the home.
- Remember that the value of the property can increase or decrease in the future.
- Interest rates can also fluctuate.

Source: [righttobuy.gov.uk](http://righttobuy.gov.uk)