



Preserved Right to Buy ...your guide



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This booklet tells you about Shoreline Housing Partnership's Preserved Right to Buy and how to contact us. It also sets out the standards and levels of service we seek to provide within the resources available.

Section 121 AA Housing Act 1985 sets out information to help tenants decide whether to exercise the Right to Buy.

What is the Preserved Right to Buy?

The Preserved Right to Buy is a statutory right (Act of Parliament) given to secure former tenants of North East Lincolnshire Council to buy their home. This right was "preserved" when the housing stock transferred from the Council to Shoreline on March 21, 2005. The Preserved Right to Buy is available provided tenants qualify under the Housing Act 1985 and the property is not of a type excluded under the legislation. The qualifying criteria are explained in more detail below together with the procedure you should follow and the things you should consider before becoming a home owner.

Who can exercise the Preserved Right to Buy?

If you were a secure tenant of North East Lincolnshire Council (and introductory tenants who are not repossessed within 12 months) who transferred over on March 21, 2005 you may have the Preserved Right to Buy.

If you held a secure tenancy before January 18, 2005 then the qualifying period is years as a public sector tenant. After this date, you will not have the Preserved Right to Buy until you have spent at least five years as a public sector tenant.

If you are a new tenant of Shoreline (that is a tenancy granted on or after March 21, 2005) you will not have the Preserved Right to Buy, however you may have the Right to Acquire your home.

Properties not included in the Preserved Right to Buy

Homes scheduled to be demolished may have the Preserved Right to Buy suspended or removed entirely (see frequently asked questions for more information). Certain types of homes may not qualify for the Preserved Right to Buy, such as temporary accommodation, specialist housing for the elderly and people with disabilities and mental health issues; or where your property is provided as part of your employment.

The exclusion of homes that are particularly suitable for occupation by the elderly refers to the property's location, size, design, heating system and other features under Paragraph II of Schedule 5 of the Housing Act 1985.

This means that the property:

- must have been first let before January 1, 1990
- is particularly suitable for occupation by elderly persons
- was let for occupation by a person aged 60 or more

If you find your application denied under these grounds you have the right of appeal within 56 days of being notified. You will be provided with the relevant information if your Preserved Right to Buy is refused.

Before you buy

The decision to buy a home is probably the biggest financial decision you will ever make and it is a decision that should not be taken lightly. There are a number of important factors that you should consider before buying your own home. These include:

- There are a number of costs you will have to pay if you decide to go through the Preserved Right to Buy process. These can include:
 - Stamp duty: 1% of purchase price between £150,000 - £250,000 and 3% £250,001 - £500,000.
 - Legal fees can typically cost £350 plus VAT
 - Survey fees can usually be expected to cost between £250 and £600
 - Valuation fees may on average cost between £200 - £300
 - Other costs associated with taking out a mortgage can vary considerably and you should shop around for the best deal. Some companies offer package deals with all the costs added to the mortgage. However, fees can typically amount to around £3,000 and may not be a value-for-money arrangement in real terms.
- Can you afford the mortgage repayments and associated costs of running your own home? Remember, unlike your rent, your mortgage repayment will not include buildings insurance and a free repairs service - if you buy your home you will have to pay for these things yourself. Regular repayments you may be required to make can include:
 - Mortgage and other secured lending repayments.
If you do not maintain these payments regularly then you run the risk of your home being repossessed.
 - Buildings insurance, life assurance and mortgage protection insurance
 - Council Tax
 - Water; sewerage, gas, electricity or other utility services
 - Repairs and maintenance costs of running your own home
 - If you buy a leasehold flat or maisonette you will usually have to pay an annual service charge. Details of this should be included in any right to buy offer letter we send you.
- **Are you eligible for Housing Benefit?** Remember, as an owner-occupier you will not receive any Housing Benefit to help with your mortgage costs. You may be able to claim income support to help with costs; however this is not usually payable until nine months after you first claim it.
- If you are elderly and own your own home, its value may be taken into account in assessing whether you are eligible for financial help with the cost of residential care.
- **Beware of 'Right to Buy' sales people who may try to get you to sign deals on the doorstep. Ask what is in it for them and always get independent financial advice. Never sign any loan agreement unless you have read the terms and condition, you are satisfied with them and you are fully aware of the commitment you are entering into.**
- Remember our estate sales team is here to help you with **free advice**.

How to apply

For **free advice** and full details of your Preserved Right to Buy, including an application pack and information booklet please telephone our estate sales team on **0845 849 2000** or email your request to us at info@shorelinehp.com

Information about the Preserved Right to Buy is available from our website at www.shorelinehp.com and includes links to useful information from the website of Communities and Local Government and the Financial Services Authority.

You may also obtain an application form (Form RTB I) in person at our Customer Service Centre, 11-13 Osborne Street, Grimsby or download one from our website at www.shorelinehp.com. Our Customer Service Advisors will be happy to help you complete your application form if you would like them to.

When will I learn if I have the Preserved Right to Buy?

We will send you a TRB23 form to let you know whether or not you have the Preserved Right to Buy your home. You should receive this within four weeks of your application, or eight weeks if you have been a tenant for less than two years.

If you do not have the Preserved Right to Buy, we will tell you why. If you disagree with our explanation and decision you can get advice from the Citizens Advice Bureau or from a solicitor or you can write to the Residential Property Tribunal Service, 10 Alfred Place, London WC1E 7LR.

When will I receive details of the price at which I can buy my home?

After you have received your acceptance on form TRB23, you should contact our estates officer to arrange an appointment for us to visit you at your property. The estates officer will discuss all aspects of the Preserved Right to Buy with you and prepare a report for our surveyor. The estates officer will then instruct our firm of surveyors to contact you to arrange to value your property.

Once we receive the valuation from our surveyor an offer notice (section 125 notice) will be issued to you. This will be within eight weeks of receiving your TRB23 if your property is a house and you are buying the freehold. If the property is a flat, maisonette, or house being purchased on leasehold terms a Section 125 notice will be issued to you in 12 weeks.

The Section 125 notice will describe the property which you have the Preserved Right to Buy, detail the price at which you can buy your home and the terms and conditions of the sale. It will also describe any structural defects, which we know about, and detail any estimates in respect of service charges or improvement costs that you may need to pay if you are in a leasehold property.

Your offer notice will include your discount entitlement which may allow you to buy your home at a price below its market value. The longer you have been a tenant (of a Council, Registered Social Landlord or living in Armed Forces accommodation) the bigger your discount entitlement, subject to a **maximum** of £24,000. If you live in a house you will get between 32 per cent and 60 per cent off the market value. If you live in a flat/maisonette then your discount will be between 44 per cent and 70 per cent subject to the maximum allowance (more information about discounts is available in the Government-produced explanatory booklet 'Your Right to Buy Your Home', available from our estates sales team).

Your discount may be reduced if we have spent money on buying, building, repairing or maintaining your property over the last 15 to 16 financial years. This reduction is known as the cost floor rule and means that your property cannot be bought for less than the money we have spent on it over the 15- to 16-year period. In circumstances where we have spent more than the market value of your home, you will not receive any discount.

Getting a survey

After you receive your Section 125 Notice we strongly advise you to get an independent survey from a qualified surveyor, a structural engineer or an architect. You should ask how much it will cost before you ask anyone to go ahead with the survey.

Your mortgage lender may be able to arrange for its valuer to carry out the survey, which could save you paying for a separate valuation. (See 'Getting A Mortgage' below)

What if I disagree with the offer price?

If you think we have valued your home too highly, you have the right to request an independent valuation from the District Valuer. You must ask us to request this for you within 12 weeks of the date of the Section 125 notice. You will then have four weeks to put your case to the District Valuer. If you have had a survey done, you can send a copy of your own surveyor's report to the District Valuer. The District Valuer will also want to inspect your home. The District Valuer's valuation will be final, even if it is higher than our valuation. You will either have to accept it or withdraw your application.

Getting legal advice

Before deciding whether to buy, you should get legal advice, particularly if you have worries about the terms of the sale. You should always ask how much it will cost before you employ a solicitor or licensed conveyancer.

Deciding what to do next

Once you have received your Section 125 notice you will have several choices to make.

You must decide and tell us in writing if you want to:

- Buy your home outright for the full right to buy price, less any discount for which you are suitable
- Forget about buying, withdraw your application, and carry on paying rent.

You must tell us your decision within 12 weeks. If you fail to do this you will lose your right to an independent valuation from the District Valuer. We will send you a reminder, which you must reply to within 28 days or your application will be withdrawn. If you have a valid reason why you cannot decide within the permitted time you should tell us as we may allow you more time to decide.

Getting a mortgage

Once you have decided whether to go ahead with your Preserved Right to Buy, you will need to get a mortgage. It is at this point that you should talk to a bank or building society. Useful information about mortgages is available from the website of the financial services authority at: www.fsa.gov.uk/CONSUMER

Remember your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it.

Completing the house purchase

If you are happy with our terms for selling your home to you, and you have arranged to raise the money to buy it, you are ready to go ahead and buy. You should tell us you are ready and ask your solicitor for advice on the legal documents and making your payment.

From the date of the Section 125 notice we will allow you a reasonable period of time (three months if you applied after January 18, 2005) to complete the purchase of your home. If you delay the sale we may issue you with a warning notice to complete the sale within 56 days or advise you of any disagreement with the terms of the sale. If no further progress is made a second 56-day notice will be served during which time the sale must be completed or your application will not be taken any further.

Delays in the sale

If we delay the sale by not sending you Form TRB23 and your Section 125 notice within the times we have mentioned above, or we delay the sale in some other way, you may be allowed a reduction in the purchase price. To receive this you must complete Form RTB6 (initial notice of delay) giving us 28 days to issue a counter notice and resolve any delay. If the delay remains after this period then you may serve an operative notice of delay (Form RTB8). This allows any rent that you pay during this period of delay to be taken from the purchase price if you still go ahead and complete the sale.

Further information has been provided below in the form of frequently asked questions and answers.

Frequently asked questions

Q. How did stock transfer affect my right to buy? (The Preserved Right to Buy)

A. If you were a secure tenant of the Council, living in your property on the day it transferred to Shoreline, you may have what is known as the Preserved Right to Buy. This operates in a similar way to the normal Right to Buy except that the cost floor calculation is performed differently.

Q. Can I include anyone else in my application?

A. You may be able to buy your home jointly with members of your family who have lived with you for the past 12 months or with someone who is a joint tenant with you.

Q. What if I have purchased before?

A. If you have purchased under the Right to Buy scheme before, the amount of discount you got then will usually be deducted from your discount when you buy again.

Q. What happens if I want to sell my house later?

A. You can sell your home whenever you like, but if you applied for the Right to Buy before January 18, 2005 and you sell within three years, you will usually have to repay some or all of the discount that you received.

If your application was received on or after January 18, 2005 you may have to repay some or all of the discount within the first five years after the sale is completed. However, in such cases any discount you need to repay will be based upon the resale value of your home less the value of improvements you have carried out following your purchase. In addition, for those applications received on or after January 18, 2005, should you choose to sell your home within ten years of buying you will be required to first offer the property back to us or another local social landlord who may choose to buy the property from you at its full market value.

From January 18, 2005 if, before you have purchased the property or within the discount repayment period, you enter into an agreement to transfer your property to a third party in the future then this will trigger repayment of your discount from the point you enter into such an agreement

Q. I have rent arrears can I still buy my home?

A. If we have got a court order for possession in respect of your arrears, your right to buy may be denied at any time before the sale is completed prior to completion of the sale. If you break the terms of any suspended or postponed order for possession of your home you may be regarded as a tolerated trespasser and will not have the Preserved Right to Buy. In these circumstances you will need to contact our court officer to discuss how to restore your tenancy and clear your rent arrears. Generally, if you have outstanding rent arrears for your current or former tenancies with us you will not be allowed to complete the sale unless these arrears are cleared in full.

Q. Once I apply to buy can I still access the free repairs service?

A. Only emergency repairs will be provided while your application is being processed and you will not be included in any improvement works planned for your area. If you complete the sale then you will be responsible for any repairs required to your property. If your application is withdrawn then you will be able to access our normal repairs service once you have received written notification from us.

Q. If I have carried out my own improvements will these be included in the Preserved Right to Buy valuation?

A. Any improvements you have made will not be included in our valuation.

Q. What if my home is scheduled to be demolished?

A. If we intend to demolish your home, we may serve an initial demolition notice, valid for up to five years. This will suspend our obligation to complete the sale in respect of any Preserved Right to Buy application made before we served the notice; and remove the need to complete any further application. If we then serve a final demolition notice; any existing Preserved Right to Buy applications will end and no new applications can be made. A final demolition notice is valid for two years, and can be extended on application to the Secretary of State.

If you have made a valid claim to exercise the Right to Buy either before an initial or final demolition notice is served, you will have three months in which to claim compensation for any costs you have made connected with the conveyancing process, e.g, legal or survey fees. If we decide not to demolish the property then a revocation notice (which withdraws the demolition notice) must be served on you as soon as possible.

Q. Can my Preserved Right to Buy be affected by anti-social behaviour?

A. Yes. If you, members of your household or visitors to your home are responsible for anti-social behaviour then your Preserved Right to Buy may be denied or suspended in certain circumstances by application to the Court.

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