

Can I buy my home?

A guide to buying your home
under the Right to Buy or
Right to Acquire schemes.



Providing strong foundations for life

Contents

4	Differences between Right to Buy and Right to Acquire
5	Which scheme am I eligible for?
6-9	Right to Buy
10-12	Right to Acquire
13-14	House buyers' frequently asked questions
15	To buy or not to buy – a list to help you decide
16	Helpful contacts

1. Introduction

Interested in buying your home?

This guide explains how you might be able to do so under one of two schemes – Right to Buy or Right to Acquire.

Buying your home is a big step and this guide aims to help you decide if it's the right decision for you and your family.

We're here to help

We'll give you all the advice, help and guidance you need throughout the buying process, signposting you to other independent agencies where necessary.

A few terms you might come across:

- A secure tenant is someone who has a lifetime tenancy.
- An assured tenant has a fixed-term tenancy.
- A public sector tenant is someone whose landlord is a public body such as a council or housing association.

If you're unsure which applies to you, just give us a call to check on **0808 164 0111**.

2. What are the main differences between Right to Buy and Right to Acquire?

Both schemes were designed by the Government to allow social housing customers to buy the home they currently rent, at a discount.

The schemes operate in very similar ways – the main difference is the amount of discount you receive. These levels are determined by the Government.

The Right to Buy scheme was set up to help people buy their council homes. It also extends to customers of social landlords who obtained their secured tenancies before the date council homes were transferred to new landlords. This date depends on which organisation was your landlord before Karbon Homes, see page 6 for details.

The Right to Acquire scheme means more recent customers of social landlords aren't ruled out from the possibility of buying their homes.

Take our simple quiz on the following page to find out which scheme you are most likely to be eligible to apply for.



3. Which scheme am I eligible for?

Eligibility for the Right to Buy or Right to Acquire scheme depends on a number of factors. Use our simple quiz below to find out if you could be eligible for either scheme and then turn to the appropriate page for more details.



- Turn to page 6 for Right to Buy information
- Turn to page 10 for Right to Acquire information

4. Right to Buy

4.1. What is the Right to Buy?

The right to Buy scheme was set up by the Government to help people buy their council homes at a lower price than the full market value. This is because the length of time you have spent as a tenant entitles you to a discount.

Customers of social landlords who obtained their secure tenancies before their council home was transferred also have the Right to Buy. To qualify you need to have been a secure tenant of one of the following organisations before the date below:

- Milecastle, before 20 December 1999
- Nomad E5, E5, ISOS, before 15 January 1989
- Castle Morpeth, before 29 October 2007
- Cestria, before 8 February 2008
- Derwentside, before 4 December 2006

4.2. Can I buy my home under the Right to Buy?

You probably have the Right to Buy if you've been a secure tenant since the date to the left and have spent at least three years as a public sector tenant. It doesn't have to be continuous and you can add together any time you have spent as a public sector tenant.

You might have a different Right to Buy if you used to be a council tenant, but your home was transferred to a social landlord. This is called the Preserved Right to Buy. This only applies if you were living in your home when it was transferred. Preserved Right to Buy operates in a similar way to the normal Right to Buy.

To purchase under the scheme your house or flat must be your only home or your main home. It must also be self-contained – meaning you don't share rooms with people outside of your household.

4.3. Who can't buy their home?

You might not be able to buy your home if:

- You are an undischarged bankrupt or have a bankruptcy petition pending against you
- You, your household or your visitors have committed anti-social behaviour
- A court has made a possession order which says you must leave your home because of rent arrears, for example
- You have made an arrangement with creditors and you still owe them money

This list is not exhaustive and other restrictions might also apply.

4.4. Are any properties excluded?

Certain types of properties are excluded from the scheme. You might not be able to buy your home if you live in:

- Retirement housing
- Supported housing offering specialised accommodation, for example, people with disabilities
- A property that forms part of your job such as a caretaker or warden
- A property that has been adapted for disabled use
- A home that is scheduled for possible demolition
- Certain ground floor flats
- Some bungalows

These are the main exclusions, though others do apply. Just ask us if you are unsure whether your home is covered.

You have the right to appeal to the First Tier Tribunal Service if your application is refused because of the type of property it is.

4.5. What discount am I entitled to under Right to Buy?

The level of discount you receive is based on the length of time you've held your tenancy. The longer you've been a tenant, the more discount you get.

The maximum discount you can receive is currently £82,800 (2019). This limit is set by the Government and is recalculated on 6 April every year in line with the Consumer Price Index. Maximum discounts increase if the Index increases, but remain the same if it does not increase.

Your discount will be calculated as part of your application process but you can use the below as a guide:

I live in a house

The minimum discount is 35% if your tenancy is between three and five years. It increases by 1% for each additional year's tenancy to a maximum of 70%.

I live in a flat

The minimum discount is 50% if your tenancy is between three and five years and increases by 2% for each additional year's tenancy to a maximum of 70%.

Discounts might be reduced to take into account the cost floor. This is the cost of the work we've carried out to improve your home in recent years. This cost will be taken into account when your home's valuation is calculated.

4.6. What if I have purchased before?

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.

4.7. What if I live in a flat or leasehold house, rather than a freehold property?

It's common for flats to be leasehold. Some houses are too, though this is less common.

When buying a leasehold property, you usually purchase a long lease which allows you to live there for a fixed time (usually 125 years). This differs from buying a freehold house, where you own the property outright.

If your building has communal areas then we will still be responsible for maintaining these – as set out in your lease. This means you will take on some on-going costs and responsibilities that you might not have as a tenant. These include:

- Service charges
- Ground rent
- Management fee
- Buildings insurance

4.8. How will my property be valued?

An independent valuation will be arranged. Someone independent of Karbon Homes will visit your property and carry out a valuation against the current market value, based on the date that you submitted your application. Any improvements you have made to your home will not be taken into account.

An Energy Performance Assessment will also be carried out.

You can appeal to the District Valuer if you do not agree with the Offer Notice and your property will be re-valued. Please note that the value could go up, down or stay the same and this will be the final price of your home. You have 12 weeks to request an independent valuation from the date of receiving your Offer Notice. This deadline date will be detailed in your notice letter.

4.9. What happens if I want to sell my home?

If you have bought your home under the scheme you can sell it whenever you like but there are a few things to be aware of.

If you want to sell the property within the first ten years, then you must offer it back to us first. You are legally obliged to contact us first before you sell your home on the open market.

If you sell the property within the first five years, you'll also have to pay back some, or all, of the discount. You'll have to pay back all of the discount if you sell within the first year. After that, the total amount reduces to:

- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year

For example, if you bought your home worth £100,000 and got a 40% discount (£40,000), then sold it after 18 months for £120,000, 40% of £120,000 is £48,000 and as you're in the second year, you would have to repay Karbon Homes 80% of £48,000, which is £38,400.

4.10. I want to go ahead, so what's next?

Get in touch with us to request an application pack. We can talk you through the process and help with any questions you might have. You can also find a list of answers to frequently asked questions on page 13.

We will let you know within four weeks of receiving your application on whether you have the Right to Buy your home.

An independent valuation will then be arranged, see page 15 for details. We will get in touch with you (within eight weeks for a house and within 12 weeks for a flat) with an official offer for the property, called an Offer of Notice. This will contain information to help you decide if you want to go ahead with the purchase of your home.

The Offer of Notice will include:

- The market value of your home at the time of the application
- Your discount and how it was worked out
- The price at which you can buy your home
- Terms and conditions of the sale
- Any known problems with your home's structure.
- Any services charges, improvement costs and repairs that are applicable.

You have 12 weeks after receiving our offer to decide whether you want to go ahead and buy your home.

If you are eligible and thinking of applying, be aware of companies who offer to help you through the process. They may charge you for their service and may be offering a deal which is better for them than it is for you.

5. Right to Acquire

5.1. What is the Right to Acquire?

The Right to Acquire scheme was designed to allow customers of social landlords, such as Karbon Homes, to purchase their homes at a fixed discount.

5.2. Can I buy my home under Right to Acquire?

You probably have the Right to Acquire if you've had a public sector landlord for at least three years. This doesn't mean you have to have lived in your current home for three years – previous public sector landlords also count. Time spent aged 16 and over living with a parent who was a public sector tenant might count if you took over your parent's public sector tenancy.

To qualify, your property must have been built or purchased by a registered social landlord after 31 March 1997. Properties transferred after the same date from a local council to a registered social landlord also qualify.

To purchase under the scheme your house or flat must be your only home or your main home. It must also be self-contained – meaning you don't share rooms with people outside of your household.

If you are an assured tenant or a secured tenant, you qualify for the scheme, but if you have one of the following tenancies you do not:

- As assured shorthold/introductory tenancy beginning before 1 April 2012 or for a fixed term of less than two years
- A long lease
- Shared accommodation

If you are an introductory tenant your trial period will count towards the Right to Acquire discount once your tenancy has been converted to an assured tenancy.

If Karbon Homes has provided your property under the Mortgage Rescue scheme, you must have held your tenancy in your current home for at least five years to qualify.

5.3. Who can't buy their home?

You might not be able to buy your home if:

- You are an undischarged bankrupt or have a bankruptcy petition pending against you
- You, your household or your visitors have committed anti-social behaviour
- A court has made a possession order which says you must leave your home because of rent arrears, for example
- You have made an arrangement with creditors and you still owe them money

This list is not exhaustive and other restrictions might also apply.

5.4. Are any properties excluded?

Certain types of properties are excluded from the scheme. You might not be able to buy your home if you live in:

- Retirement housing
- A property that has been adapted for disabled use
- Supported housing offering specialised accommodation, for example people with disabilities

- A property that forms part of your job such as a caretaker or warden
- A home that is scheduled for possible demolition
- A home valued at or below the landlord's loan for that property
- A property in a designated Rural Area
- Properties built without grant funding

Just ask us if you are unsure whether your home is covered. Call us on **0808 164 0111**.

5.5. What discount am I entitled to under Right to Acquire?

Discounts on properties purchased under the Right to Acquire are fixed by the Government and depend on where you live in the UK.

In the North East of England, the fixed amount is £9,000.

5.6. What if I have purchased before?

Your discount might be reduced if you've used Right to Acquire or Right to Buy in the past.

5.7. How will my property be valued?

An independent valuation will be arranged. Someone independent of Karbon Homes will visit to your property and carry out a valuation against the current market value, based on the date that you submitted your application. Any improvements you have made to your home will not be taken into account.

An Energy Performance Assessment will also be carried out.

5.8. What happens if I want to sell my home?

If you have bought your home under the scheme you can sell it whenever you like but there are a few things to be aware of.

If you want to sell the property within the first ten years, then you must offer it back to us first. You are legally obliged to contact us first before you sell your home on the open market.

If you sell the property within the first five years, you'll also have to pay back some, or all, of the discount. You'll have to pay back all of the discount if you sell within the first year. After that, the total amount reduces to:

- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year

For example, if you bought your home worth £100,000 and got a 40% discount (£40,000), then sold it after 18 months for £120,000, 40% of £120,000 is £48,000 and as you're in the second year, you would have to repay Karbon Homes 80% of £48,000, which is £38,400.

5.9. I want to go ahead, so what's next?

Get in touch with us to request an application pack. We can talk you through the process and help with any questions you might have. You can also find a list of answers to frequently asked questions on page 13.

We will let you know within four weeks of receiving your application on whether you have the Right to Acquire your home.

An independent valuation will then be arranged, see page 15 for details. We will get in touch with you (within eight weeks for a house and within 12 weeks for a flat) with an official offer for the property, called an Offer Notice. This will contain information to help you decide if you want to go ahead with the purchase of your home.

The Offer of Notice will include:

- The market value of your home at the time of the application
- Your discount and how it was worked out
- The price at which you can buy your home
- Terms and conditions of the sale
- Any known problems with your home's structure
- Any services charges, improvement costs and repairs that are applicable.

If you are eligible and thinking of applying, be aware of companies who offer to help you through the process. They may charge you for their service and may be offering a deal which is better for them than it is for you.

6. Frequently asked questions on buying a property

Q. What costs will I have to cover when buying a home?

A. The process of buying a home involves considerable costs, including:

- Getting a mortgage. Always seek independent financial advice to get the best deal and check if there is a charge for advice before agreeing to anything.
- Mortgage arrangement fees. These vary from provider to provider. Some will charge, and others will not, so always ask for costs up front.
- Survey and legal fees. Mortgage providers carry out surveys to make sure the value of your home is enough to cover the amount of money you are asking to borrow. The cost of a survey will depend on the type of survey you decide to have done and this fee will be your responsibility. You must pay this fee even if you cancel your application later. You will also need to seek an estimate for legal fees from a solicitor.
- Stamp Duty. This is a tax imposed by the Government on the sale of properties above a certain price. Get in touch with us to find out if this affects you.
- Land Registry. You have to pay a fee to register yourself as the new owner of the property.

Q. What about my ongoing costs, will I have any new financial commitments if I become a homeowner?

A. Yes, you will become responsible for new regular payments, as well as existing

fees. These are likely to include:

- Mortgage repayments. If your circumstances change and you cannot keep up mortgage payments you could lose your home and risk becoming homeless. Always get advice from your lender and/or an independent source of advice, such as the Citizens' Advice Bureau, if you do experience difficulty making payments.
- Buildings and contents insurance. Both will be your responsibility unless you live in a flat or maisonette, which usually cover buildings insurance in the service charges.
- Life assurance and mortgage payment protection. These are optional but should be discussed with your provider.
- Council Tax.
- Utility services. Electricity, gas and water will be your responsibility, even if water rates are currently part of your rent.
- Routine and major structural repairs. You will now be responsible for costs such as boiler replacement, rewiring and repairs to water drains and electrics.
- Regular maintenance costs. Improvements and maintenance to your home – both inside and outside – will become your responsibility.
- Service charges and ground rent. These are charged annually, usually if your property is a flat or maisonette, but sometimes even if it is a house, for services such as communal grounds maintenance.

Q. How do I get a mortgage?

A. The amount you need to borrow will depend on how much cash you can contribute towards the cost of the property. There are many lenders available including approved lenders in the high street, price comparison websites and independent mortgage advice brokers. Before borrowing money to buy your home, take time to compare all of the choices available or speak to an independent financial adviser. Always check for fees first. Our Money Matters Team can provide free financial advice; email moneymatters@karbonhomes.co.uk or call 0808 164 011.

Q. Can I buy my home if I have rent arrears?

A. Yes, but your rent account must be clear on the day of completion or your sale will not go ahead. This also applies to any other money you owe to us.

Q. Can I buy my house with someone else?

A. Yes. You are able to buy with a joint tenant and you can include up to three members of your family, providing they live with you now and were at your address for at least 12 months before your application.

Q. Am I still entitled to repairs and major works to my home?

A. You are entitled only to essential and emergency repairs while your application is active. We will still make sure your property remains wind and water tight but we will not carry out major works such as window or central heating replacement while you are in the process of buying. If you decide to withdraw from the buying process you

will regain your usual rights to repairs.

Q. What general guidance can you give me?

A. If you are planning to buy your home, be wary of individuals or companies offering to help you with the process. Sometimes their advice is misleading and they stand to gain more than their customers from the deals they suggest.

Sometimes customers are asked to pay a lot of money for things they don't need or for things that we do for free – for example providing you with an application form. Some customers have even entered into agreements with companies who end up owning the property and renting it back to them before raising the rents to unaffordable levels. Some customers have found themselves homeless after agreeing to such deal.

If you are approached by someone offering to help you buy your home, always check what's in it for them and don't feel pressured to use their services. It's important to note that no company can negotiate deals on the discount entitlement you are offered or house prices, on your behalf.

You will need independent legal advice and may also choose to have an independent property survey. Be sure to shop around for the best quotes and check you know exactly what you're paying for so you can compare your options.

7. Pros and cons list to help you decide

Deciding whether to buy your home may be one of the biggest decisions you ever make so don't rush into it.

Use this page to compare the costs of renting and buying and to work out the advantages and disadvantages of both options. This will help you to decide which is best for you.

	Buying	Renting
One-off costs		
Legal fees		
Survey fees		
Valuation fees		
Mortgage arrangement fees		
Land Registry		
Stamp Duty		
Other costs		
Future annual costs		
Mortgage repayments		
Council Tax		
Water charges		
Insurances		
Life assurance		
Internal upkeep		
External repairs/improvements		
Service charges (if applicable)		
Other costs		
Advantages		
Disadvantages		
Your decision		

8. Next steps

Click **here** to download an application pack or you can download the pack at karbonhomes.co.uk

Don't forget you'll need to provide ID when submitting your application.

Call our Customer Service team on **0808 164 0111**

Email us at homebuy@karbonhomes.co.uk

For free, impartial advice about money contact:

The Money Advice Service Website
www.moneyadviceservice.org.uk

Telephone: **0800 138 7777**