

# Right to Buy and Preserved Right to Buy Policy

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## Right to Buy and Preserved Right to Buy Policy

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| Responsible Officer   | Assistant Director of Assets & Regeneration              |
| This policy is applicable to  | Karbon Homes   |
| Approved by   | KMT  |
| Date approved   | 19 December 2022   |
| Frequency of review   | At least every 5 years                                   |
| Date of next review   | November 2027  |
| Implementation date   | Subject  |
| Key related documents (policy, procedure, customer literature)      | Tenants Handbook/Tenancy Agreement<br>Complaints Policy. |
| Sources of best practice or guidance used in developing this policy | Government guidance documents                            |

| <b>Version control</b>   |              |                        |               |
|--------------------------|--------------|------------------------|---------------|
| Version number           | 1            | Author of Policy       | Phil Headley  |
| Equality Impact Analysis | Initial/Full | Equality Analysis Date | February 2019 |

| <b>Document change history</b> |            |                  |
|--------------------------------|------------|------------------|
| Version                        | Date       | Changed sections |
| 2                              | 24/11/2022 | All              |
|                                |            |                  |

| <b>Consultation</b>                        |                                      |
|--|--------------------------------------|
| Consultation Group (if applicable)         | Date of Consultation (if applicable) |
| Staff                                      | February 2019                        |
| Union(s)                                   | Not applicable                       |
| Customers                                  | Not applicable                       |
| Human Resources / Organisation Development | Not applicable                       |
| Health and Safety Working Group            | Not applicable                       |
| Data Protection                            | Not applicable                       |
| Other stakeholder (please state)           | Not applicable                       |

## Policy statement

The Right to Buy and Preserved Right to Buy scheme provides a statutory right for eligible customers to purchase their home at a discount after they have been a customer for a certain period of time. The aim of this policy is to ensure that applications are assessed fairly and homes are sold to qualifying customers within prescribed timescales according to the rules set out in the relevant legislation and/or guidance.

Please note that this is a Policy Statement only. If you have a query about your potential Right to Buy you should seek legal advice.

## Risk policy is designed to control

To ensure we effectively manage the availability of affordable homes whilst also meeting legislative requirements.

## Key performance measures

Number of Right to Buy applications

## Definitions

**Right to Buy** – the right for qualifying tenants to buy their properties at a discounted rate.

**Qualifying tenants** – original Karbon secure tenants, or tenants with a Preserved Right to Buy following Stock Transfer.

**Qualifying tenancy** – a secure tenancy, or a tenancy with a preserved right to buy following stock transfer to Karbon Homes.

### 1.0 Purpose of policy

- 1.1 The purpose of this Right to Buy and Preserved Right to Buy Policy is to demonstrate the commitment Karbon Homes has in providing a route to home ownership and to provide customers with information about the service they can expect.

### 2.0 Objectives

- 2.1 This policy has been developed to follow the requirements outlined within the regulations and legislation in relation to the sale of property under Right to Buy and Preserved Right to Buy schemes. To allow Karbon Homes to maximise the availability of affordable homes, whilst ensuring that it also meets its legislative requirements.

### 3.0 Right to Buy

- 3.1 Under the Right to Buy and Preserved Right to Buy schemes, customers can buy their home at a price lower than the full market value. This is because a discount is applied to the full market value, based on the length of time they have lived in the property.

- 3.2 The Right to Buy and Preserved Right to Buy schemes are available to customers if they are a secure tenant as they have been a Karbon tenant since prior to 15 January 1989, or if they previously had a secure tenancy with another public sector landlord such as a Local Authority and now have the Preserved Right to Buy following stock transfer. For the purposes of this Policy these tenants will be referred to as “Qualifying tenants”.

### **Preserved Right to Buy**

- 3.3 Many housing association customers do not have the Right to Buy their home. If they were previously a secure tenant of a local authority and they became an assured tenant because ownership of their home was transferred to a registered provider, they may have what is known as the Preserved Right to Buy. This right only applies if the customer(s) were living in their home when it was transferred.
- 3.4 The Preserved Right to Buy scheme operates in a very similar way to the Right to Buy scheme.

### **Do I qualify for the Right to Buy or Preserved Right to Buy scheme?**

- 3.5 Qualifying tenants must have been a tenant for at least 3 years to qualify for the Right to Buy or Preserved Right to Buy scheme if they are considering buying their home.

Qualifying tenants will only benefit if the tenants occupy as their only or principal home.

- 3.6 The amount of discount for which you are eligible depends on the time you as a customer have held a qualifying tenancy with Karbon Homes and with any landlord prior to stock transfer to Karbon Homes.

For houses, customers can get a discount of 35% if they have held a qualifying tenancy continuously for between 3 and 5 years. If the customer has held a qualifying tenancy for over 5 years, they will get an additional 1% discount for each year, up to a maximum discount level of 70%.

For flats, qualifying tenants can get a discount of 50% if they have held a qualifying tenancy continuously for between 3 and 5 years. If the customer has held a qualifying tenancy for over 5 years, they will get an additional 2% discount for each year, up to a maximum discount level of 70%.

- 3.8 The qualifying period for the discount can include time the qualifying tenant spent in different homes and with different landlords. This doesn't have to be continuous, so long as it was a public sector tenancy. You may also be able to count a period when your husband, wife or civil partner held a public sector tenancy or lived in housing provided by the armed forces.
- 3.9 For applications made in joint names, Karbon Homes will calculate your discount based on the person who has the longest qualifying period, subject to a maximum discount of £87,200.

## **Discount rules**

- 3.10 The Right to Buy and the Preserved Right to Buy schemes give customers a discount on the market value of their home. The longer a customer has held a qualifying tenancy, the more discount they get.
- 3.11 Whatever percentage you are eligible for, your discount cannot be greater than **£87,200**.
- 3.12 Your discount may be reduced by a special rule called the cost floor. This may apply if your home has recently been purchased or built by your landlord, or where they have spent money on repairing or maintaining your home. Under the cost floor, the discount you receive must not reduce the price you pay below what has been spent on the property.
- 3.13 If the cost of works carried out over the last 10 years is greater than the market value of your home, you will not receive any discount. This period is extended to 15 years if your home was built or acquired by your landlord after the 2 April 2012.
- 3.14 If you are buying under the Preserved Right to Buy scheme, the cost floor period is 15 years regardless of when it was built or acquired.

## **Do I ever have to repay a discount?**

- 3.15 If you have bought your home under the Right to Buy scheme, you can sell it whenever you want to.
- 3.16 If you sell within five years of purchasing the property under the Right to Buy or Preserved Right to Buy Scheme, you will have to pay a percentage of the discount back as outlined below:

|              |                      |
|--------------|----------------------|
| First year:  | 100% discount repaid |
| Second year: | 80% discount repaid  |
| Third year:  | 60% discount repaid  |
| Fourth year: | 40% discount repaid  |
| Fifth year:  | 20% discount repaid  |

After 5 years, you can sell without having to repay any of the discount.

- 3.17 It is important to note that the amount you have to pay back, depends on the value of your home when you sell it, so the amount being paid back can be more than the original discount received.
- 3.18 If you transfer ownership of the property to a family member, you may not have to pay back any discount, but you should check this by taking advice from a solicitor.

## **What if I have purchased before?**

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

### **Are there any exclusions that apply to the Right to Buy or Preserved Right to Buy schemes?**

- 3.20 Some homes are exempt from the Right to Buy, Preserved Right to Buy schemes, where the property is:
- in a rural exempt area defined by the government
  - in a national park
  - in an area of outstanding national beauty
  - particularly suitable for disabled or the elderly
  - specifically built for those with physical or mental disabilities
  - suitable for customers of a pensionable age and that were originally let to those aged 60 and over

### **Are there any circumstances that can stop the sale of a property under the Right to Buy or Preserved Right to Buy schemes completing?**

- 3.21 There are circumstances under which the sale of a property can no longer take place and these include, but are not limited to:
- the customer or customers have moved into a care facility and there is no other person living in the property that has succession rights to continue the application
  - the customer or customers have sadly passed away and there is no other person living in the property that has succession rights to continue the application

## **4.0 Monitoring and Review**

- 4.1 This policy will be reviewed at least every 3 years or if there is a change in any regulations or legislation governing the Right to Buy and Preserved Right to Buy homes.
- 4.2 The Assistant Director of Assets and Regeneration is responsible for the monitoring and implementation of this policy.

## **5.0 Equality and Diversity**

- 5.1 This policy is implemented in line with the Group's Equality and Diversity Policy and associated legislation. Consideration will be given to all protected characteristics under the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations.
- 5.2 This policy and associated documents are available in different languages and alternative formats where necessary."

## **6.0 Data Protection and Privacy**

- 6.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the UK General Data Protection Regulation, the Data Protection Act 2018 and other associated legislation. This is clearly set out in the Data Protection Policy for the Karbon Homes Group which, along with its associated procedures, must be followed throughout the operation of this policy.