



# Right to Buy and Right to Acquire

## 1. Aim of policy

Right to Buy (RTB) is a statutory instrument available to our customers who hold a tenancy which allows them to buy their home with a discount.

The Right to Acquire (RTA) is a scheme for housing association tenants to enable them to buy their own home, also at a discount.

Some properties are ineligible from the RTB/RTA as they have been adapted or are designated for older people or have been ear marked for demolition. Some additional properties are exempt from the RTA due to their rural location.

## 2. Scope of policy

This policy applies to all eligible tenants.

This policy does not cover the voluntary Right to Buy (vRTB) for Housing Association tenants. A separate policy for vRTB will be produced when the details are available as it will be covered by separate legislation.

## 3. Policy statement

This policy is designed to ensure:

- RTB/RTA applications are processed fairly and accurately
- RTB/RTA applications are processed in accordance with the relevant legislation
- A robust approach is taken to identifying potential RTB/RTA fraud

## 4. Policy

Both the RTB and RTA are statutory instruments. More detail about the two schemes, how customers are eligible and exclusions can be found at Appendix 1.

We will follow the guidelines below when considering RTB and RTA applications:

- We will provide customers interested in Right to Buy or Right to Acquire with relevant information.
- We will advise customers to seek independent legal and financial advice to ensure they fully understand the implications and responsibilities of becoming a home owner
- We will charge the maximum amounts permissible when administering the purchase of their home



- We will assess eligibility on the basis of information provided in the appropriate forms and notify the applicant in the prescribed time limit.
- We will carry out checks to verify that the applicant is the beneficial owner of the property and make use of any electronic verification facilities that are available.
- Documentary evidence will be requested of cash sources for purchase or mortgage deposits.
- Our solicitors will carry out further money laundering checks and we will retain evidence of these checks.
- We will liaise and share information with third party organisations where necessary to prevent or detect potential fraud; these agencies may include but are not exclusive to, the police, local authorities, DWP, HMRC. This will be done in accordance with our statutory obligation to do so.
- Once an application has been accepted we will ensure that only essential repairs or those with health and safety implications are carried out.
- We will follow Government rules on discounts, including repayment of discounts.
- The number of complete years will be as at the time the application is received.
- The eligible discount for each application will be calculated as at the date of receipt of the application and will not be increased if the discount amount changes before completion of the purchase
- We will carry out internal checks to ensure the cost floor is correctly calculated and will not sell properties below this
- We will meet the timescales specified in legislation
- We will ensure sales receipts are treated in accordance with agreements in place with the relevant local authority and the Homes and Communities Agency's capital funding guide.
- We will reserve the right to place an S157 provision on any sale in order that future sales of that property may only be to local people.

#### **5. Risks**

We will consider and keep under review the risks associated with selling homes under the RTB and RTA.

We will report any suspicious applications to our Governance team who will review and decide on further action.

#### **6. Statutory requirements**

- Housing Act 1980 (Amended 1985)
- Housing Act (1988, 1996, 2004)
- Housing (Right to Acquire) Regulations 1997
- The Housing (Right to Buy) (Cost Floor) (England) Determination (1998)
- The Housing (Preservation of the Right to Buy) Amendment) Regulations (1999)



<p>Reference information:</p> <p><a href="http://www.gov.uk/right-to-buy">www.gov.uk/right-to-buy</a></p> <p><a href="http://www.gov.uk/right-to-acquire">www.gov.uk/right-to-acquire</a></p>
<p><b>7. Related policies</b></p>
<p>This policy must be read in conjunction with:</p> <ul style="list-style-type: none"> <li>• Fraud Policy</li> <li>• Money laundering policy</li> </ul>
<p><b>8. Monitor and review process</b></p>
<p>We'll monitor our performance and ensure we are compliant by having robust checks on:</p> <ul style="list-style-type: none"> <li>• Eligibility</li> <li>• Sales values, discounts and costs</li> </ul> <p>The Head of Sales is responsible for this policy and all staff involved in providing information will be aware and comply with the requirements of this policy.</p> <p>This policy will be approved by the Executive and reviewed every three years or when legislation changes.</p>
<p><b>9. References/appendices</b></p>
<p>Appendix 1 – RTB and RTA general information</p>

Author	Owner	Date approved	Review date
Alex Nagle	Liz Benson	4 April 2017 – Exec Team	April 2020



## **Appendix 1**

### **General information**

The statutory Right to Buy was initially introduced on 3 October 1980 as a result of the 1980 Housing Act. The legal rules that apply to the Right to Buy of the 1985 Housing Act (as amended) and any related statutory instruments or determinations made under the powers of this Act.

The Right to Buy is the right of a secure tenant to purchase the freehold or long lease of the house or flat they reside in, subject to any exclusion and provisions stated in the 1985 Housing Act.

The tenant is entitled to buy the property after a qualifying period of either occupying public sector housing, armed forces accommodation or a mix of both, at a discount determined by the length of their qualifying period or the maximum discount allowed (which may be amended by Order).

The Preserved Right to Buy. Section 171 of the 1986 Housing Act and subsequent amendments made allowances that became law for tenants to preserve their Right to Buy when they cease to be a secure tenant as they change landlord. The Preserved Right to Buy follows closely the same guidance and rules of the Right to Buy.

The Right to Acquire was introduced in April 1997 as a result of the 1996 Housing Act. It only applies to Registered Social Landlords who build or acquire housing with socially funded money after 1 April 1997. The guidelines and provisions closely follow the Right to Buy

#### **Exclusions:**

- Property designated for people over 60 years of age;
- Property designated for people who have special needs or who are physically disabled.
- Properties within rural exception sites