

Right to Buy Scheme Fact Sheet

This fact sheet aims to give general information about the Right to Buy. Please note the Southwark Council Officer can only give informal advice. This document is not an exact statement of the law.

Further information is available on the Right to Buy website at www.righttobuy.gov.uk but below we have some information you may find useful if you're considering buying your home.

Right to Buy Frequently Asked Questions:

The Right to Buy is the right enjoyed by most council tenants to purchase their home at a discounted price

Who has the Right to Buy

As a Southwark Council tenant you may be eligible to buy your home under the Right to Buy scheme if:

- You are a secure tenant.
- Your home is your only or principle home.
- You have been a public sector tenant for at least 3 years.

You may not be able to buy your home if:

- Your property is "sheltered accommodation"
- Your home is particularly suitable for elderly persons.
- The property is occupied as part of your employment (for example, caretaker)
- A court has made a possession order that say you must leave your home.
- You and /or your partner have made a composition or arrangement with creditors, the terms of which remain to be fulfilled.
- You and/or your partner are an "undischarged bankrupt"
- You and/or your partner are declared bankrupt
- You are not a secure tenant.

If you were a tenant with another council or housing association this may count towards your tenancy years eligibility.

How do I apply to buy my home?

You can apply online via your mysouthwark account

How much is my home worth?

We cannot tell you this until your application has been admitted and we value your property. We will then reduce the value of your home by the amount of discount you qualify for. A good starting point is by checking similar property prices in your area for sale on websites such as Zoopla, Rightmove, at the estate agents or local newspapers.

How much discount will I get if I live in a house?

The discount is worked out on how much the property is valued at and for how long you have been a secure tenancy. If you live in a house and you have been a public sector tenant for three to five years you will receive a 35% discount. This discount increases by 1% for each extra year that you have been a public sector tenant. No matter how long you have been a tenant, the most you can get off your home is 70% up to the current maximum discount which is £136,400

How much discount will I get if I live in a flat?

If you live in a flat and you have been a public sector tenant for three to five years you will receive a 50% discount. This discount increases by 2% for each extra year that you have been a public sector tenant. No more how long you have been a tenant, the most you can get off your home is 70% up to the current maximum discount which is £136,400

The longer you have been a tenant, the more discounts you'll get but the maximum discount is currently £136,400 and increases each April in line with inflation.

In what circumstances could you deny my Right to Buy application?

If may be denied if:

- If the applicant is not a secure tenant
- If there is a joint tenancy and one tenant has not given their consent
- We are unable to fully verify the identity of each and every applicant and that they meet all of the qualifying criteria
- You do not live in the property permanently as your main home
- The Property is specifically adapted for the disable or elderly
- The property has shared facilities
- We have a court order against you or one from a previous tenancy
- You have an "un-discharged bankrupt" or are being declared bankrupt
- We plan to demolish your home and you have been served a Demolition Order

Can I use the discount as a deposit for a mortgage?

You will need to discuss this directly with anyone you are contacting about financing your purchase.

We suggest you find out as much information as possible about the types of mortgages available and from a variety of sources. Information on types of mortgages can be obtained from the Financial Service Authority (FSA) consumer helpline on 0845 606 1234 or their website www.FSA.gov.uk.

Can I buy my home with cash?

It is up to you how you fund the purchase, whether by cash or mortgage. However we will ask you declare how you intend to do so. We carry out comprehensive checks of all Right to Buy applications and refer application to our fraud investigation team for verification if we have concerns.

If you apply for the Right to Buy and give false or misleading information or withhold information, you may be prosecuted, under the **Fraud Act 2004**, which carries a **maximum sentence of 10 years** or unlimited fine or both.

We also verify the information you provide from other records such as housing benefits and other government departments, agencies and other risk based fraud detection providers. Where the information obtained from a Right to Buy application identifies other fraud such as housing benefit fraud then the Council will act on that in accordance with its zero tolerance policy towards fraud. Applicants in receipt of housing benefit may have their benefit adjusted or suspended and may be asked to cover the full cost of their rent.

What are the costs involved if I buy my home?

Regular costs include:

- Mortgage/interest Repayments
- Council tax
- Water charges
- Building insurance
- Contents insurance
- Life assurance
- Service charge & Major costs (if you are buying a leasehold property – usually a flat)
- Legal and survey fees

Solicitors

We do not recommend a specific firm of solicitors but suggest it is worth approaching different firms for quotes. Some companies charge one price for all the work involved. Some charge a price plus “disbursements” which are extra charges for each letter etc. There are some companies that do not charge for their work if the sale does not complete. [Find addresses and phone numbers for local solicitors at www.lawsociety.org.uk](http://www.lawsociety.org.uk).

Once you have funding and appointed a solicitor, you need to inform us of the details and then your papers will be passed to our legal team for the conveyancing work to be done. Your solicitor will keep you updated and let you know when there is a proposed completion date. Please make sure your rent account is clear in time for the completion of the sale to be finalised.

Leasehold properties

If you are buying a leasehold property, the brick and mortar insurance is included in the service charges. It is worth pointing this out to your prospective lender so that you do not pay for it twice. If your home is being sold as a leasehold property, details will be given with the Landlord section 125 Offer Notice about the estimated service charges that may be payable for service provided to your block.

These may include:

- Building insurance
- External repairs and maintenance to the block and any communal areas
- Communal lighting

- Communal caretaking/concierge
- Lift/lift maintenance
- Door entry systems
- Communal heating system
- Any improvements
- Management costs

There may also be estimated charges for improvement contributions/redecorations and repairs including making good of structural defects.

Can I withdraw my application once I've submitted it?

You may withdraw your application at any time prior to completion of the purchase, either by writing a letter signed by all parties to the application or by completing the withdrawal option that is provided with the Offer Notice.

Appeal against the valuation - I think my home has been over-valued

Southwark surveyors will make an appointment to visit your home and value it. If you feel they have valued your home too highly, you have the right to appeal to the District Surveyor for a redetermination of value. They will take into account your evidence and carry out a redetermination. This can result in the value of your going up or down, however there is no guarantee the original valuation will change. A revised Landlord section Offer Notice will be sent to you when we both receive the report from the district surveyor. Please note: this process can take up to 6 months to complete and sometimes longer

If I can't afford to buy my home on my own, can I buy with anyone else?

You can share the Right to buy with up to 3 other family members as long as each one has been living with you at the property and it is their permanent and only home for at least 12 months prior to your application. Those who qualify are your husband, wife, civil partner, partner, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece. Each family member will need to provide proof of their relation to the tenant.

How long does it take to complete a purchase?

Once you've submitted your application, we will either admit or deny the Right to Buy application within 4 weeks. We will serve the Landlord Section 125 Offer Notice within the next 8 weeks if you live in a house or 12 weeks if you live in a flat or maisonette. You will then have 12 weeks to decide what you want to do and let us know your intention.

If you accept the offer it could take at least a further 3 months for the sale to complete. Each application is different; it usually takes around 12 to 18 months, from beginning to end.

Delay

If you believe there has been a delay in processing your Right to Buy application, you have the right to serve an Initial Notice of Delay (form RTB6). If we do not respond with the document required within one month, you can complete and serve a second notice called Operative Notice of Delay (form RTB8). If these notices are valid, then the rent due while there is a delay will be taken off the purchase price.

Can I sell or let my property straight away?

Once you own your home you are allowed to rent it to someone else but if you are a leaseholder you must let us know and give us an alternative contact address for you. You then become a landlord and will need to ensure you have the appropriate tenancy agreement and insurance in place. If you have a mortgage on your home it is likely your lender will not allow you to sublet your home so check with them first. However you are not allowed to use it as a business do for example letting it out on Airbnb would be a breach to your lease and would result in us having to take enforcement action against you.

If you sell your property in the first 5 years, you will have to repay all or some of the discount you received. First calculate the discount you originally received as a percentage of the market value of your house or flat at the time you purchased. Then calculate the amount this percentage will be, of the price for which you will sell the property.

For example, if the original market value was £200,000 and you received a discount of £100,000 your discount is 50%. That means you will have to pay back 50% of whatever you sell your property for. If you sell within the first year of purchase you must repay this amount in full if you sell after:

- 1 year you re repay 80% of the amount
- 2 years you repay 60% of the amount
- 3 Years you repay 40% of the amount
- 4 years you repay 20% of the amount.

After 5 year there is no discount to repay.

If you wish to sell your property within the first 10 years of purchase, under the Right to Buy scheme, you will have to offer it back to the Council first. The Council will confirm whether they choose to buy back the property or that you can sell the property on the open market. The council has the right to first refusal.

All requests should be sent by email to: hsg.conveyancing@southwark.gov.uk