



Voluntary Right to Buy Policy

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Comments:							

1. Introduction

In 2015 Housing Associations and Government worked together to offer a Voluntary Right to Buy (VRtB) scheme to housing association tenants. This granted applicants the right to the same level of discounts as local authority tenants under the statutory Right to Buy scheme when purchasing their home.

Following a small-scale trial in 2016, a larger regional pilot across the Midlands will commence in August 2018 and run for up to two years. The aim of the pilot is to test the principles of a portable discount and the national one for one replacement of properties sold.

The pilot will be open to 'general needs' tenants who have held a public-sector tenancy for at least three years and who do not already have a Preserved Right to Buy or Statutory Right to Buy. Tenants in sheltered and supported housing properties are not eligible to apply for the voluntary right to buy scheme.

2. Policy Statement

This policy sets out Futures Housing Group's (FHG) approach to meeting its obligations in administering the Voluntary Right to Buy pilot programme. It applies only to properties owned by Futures Homescape Ltd (FHL), Futures Homeway Ltd (FHW) and Limehouse Developments Ltd. This policy does not cover applicants seeking to purchase their property under Preserved Right to Buy or statutory Right to Acquire.

To meet the homeownership aspirations of applicants, FHG will seek to sell customers their existing home wherever possible. Where it is not possible to sell them their existing home, FHG will offer the opportunity to purchase an alternative property from its current stock or from stock belonging to another housing association.

FHG will not provide mortgage or financial guidance in relation to an application. Tenants will be directed to seek their own independent advice.

3. Delivering the Policy

Application

Tenants seeking to apply to buy their home must first have registered on the Government digital gateway and received a unique reference number (URN). They should then contact FHG to request an application form. This should be returned within four weeks.

FHG will charge an application fee of £250.00 payable within four weeks of acceptance of a valid application form. This fee is refundable in the event that applicants are found to be ineligible to purchase their property or that their property is excluded from sale. This fee will also be refunded on the successful completion of a sale. FHG will cancel applications in the event of non-payment of the application fee.

Applications cannot be amended once they have been submitted. If a tenant wishes to remove or add a joint applicant their application will be cancelled and they will be required to submit a new application. The tenant will need to seek a new URN prior to their new application.

FHG **will not** accept any application forms without a URN.

Indicative time scales for the application process are set out in Appendix 1.

Eligibility

Tenants will be eligible to purchase their property if they can prove they have been a tenant of a social or affordable housing for at least three years. This need not have been continuous or with the same landlord but does not include any time spent as a non-tenant adult in a parental home. Tenants will also need to demonstrate that:

- They currently hold an assured tenancy or a Localism Act fixed term tenancy
- They have the right to reside in the UK and that they meet the immigration status checks.

FHG will require tenants to provide evidence to help validate their application. This may include but is not limited to:

- Original copies of current and previous tenancy agreements
- Photographic identification (for example, passport or drivers licence)
- Original proof of immigration status
- Original marriage certificates or certified copies
- Council tax and/or utility bills confirming residency
- Full birth certificates of family members listed on the application

Tenants are able to apply to purchase their property jointly with a spouse, civil partner and/or up to three family members. In such circumstances each applicant must be able to demonstrate that the property has been their only and main home for at least the last 12 months prior to the submission of their application, even if they are not named on the tenancy agreement.

Failure to provide appropriate evidence for each person seeking to purchase the property may result in an application being cancelled. In such cases the application fee will not be refunded.

Tenants will not be eligible to purchase their property if:

- They already have a Preserved Right to Buy
- At the time of application, they held an assured shorthold tenancy (excluding Localism Act fixed term tenancies), a contractual non-assured, non-secure tenancy or were a licensee.
- They have a fixed term tenancy of less than two years or if they have a periodic assured shorthold tenancy (including starter tenancies)
- They do not have the right to reside in the UK and cannot demonstrate they meet the immigration checks
- They are currently subject to the mortgage rescue scheme
- They have rent arrears
- They or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit agreements
- They have committed anti-social behaviour as defined in Paragraph 11 of Schedule 11 of the Anti-Social Behaviour, Crime & Policing Act 2014 and FHG has initiated legal proceedings as a result of this.
- They are currently subject to legal proceedings such as a Notice of Seeking Possession (NOSP) or injunction proceedings.
- They are subject to legal proceedings at any point between application and completion.
- They already own a property at the point of application and will not end their ownership before the completion of the VRtB purchase
- They hold an assured fixed term tenancy where the original term was 21 years or more (i.e. a long term tenancy)
- They occupy only a room(s) in a shared house or flat, even if this creates an assured tenancy
- They are a shared ownership tenant.

Joint applications where any applicant is found to be ineligible will be cancelled. Tenants still wishing to purchase their property will then need to submit a new application without the ineligible joint applicant(s). The tenant will need to seek a new URN prior to their new application.

Property Valuation

In order to determine the market value of the property for purchase, FHG will pay for the property to be valued by a certified RICS surveyor. Tenants will be offered the opportunity to choose a surveyor from a short list of local companies. FHG may veto the choice of surveyor if there is reason to believe the surveyor has a connection with the applicant.

In the event that either party wishes to appeal the valuation they will be responsible for meeting any additional costs involved. This may include the cost of a second valuation by a different RICS surveyor.

FHG will issue a formal offer to sell the tenant their property upon receipt of a valuation report and after permission has been received from Homes England to proceed with the sale.

Tenants will be allowed four weeks from the date of the formal offer to sell to confirm their acceptance of the offer. If a tenant fails to respond to the formal offer within this time frame their application may be cancelled.

Discount Calculation

Tenants will be eligible for a discount on the open market sale value received from the RICS surveyor. This discount is set by the MHCLG as follows:

- For freehold sales the tenant is awarded a 35% discount for the first five year period of their tenancy. An additional one percent will be awarded for each additional complete year of their tenancy up to a maximum of a 70% discount or £80,900, whichever is lower.
- For leasehold sales the tenant is awarded a 50% discount for the first five year period of their tenancy. An additional two percent will be awarded for each additional complete year of their tenancy up to a maximum discount of 70% discount or £80,900 whichever is lower.

The additional percentage awards will be calculated by adding together all qualifying tenancy periods (years, months and days) to calculate the total complete years of tenancy.

It is the responsibility of the tenant to provide evidence of their tenancy history. Failure to provide appropriate evidence may result in a reduction in the discount applied.

If a tenant or joint applicant, has previously received a discount from an earlier Right to Buy, Preserved Right to Buy or Right to Acquire application their present discount calculation will be reduced by the equivalent value. FHG will set out the discount applied in the formal offer letter.

Properties Excluded from Purchase

FHG will seek to sell eligible applicants their current property wherever possible. However, planning agreements and legal covenants may mean that some properties cannot be sold under the Voluntary Right to Buy scheme.

Furthermore, to ensure FHG is able to effectively manage all its housing stock and in a position to deliver one-for-one replacement of homes sold, the following properties will also be excluded from purchase:

- Properties subject to a clawback agreement with the local authority where FHG would not receive 100% of the compensation
- S106 properties where restrictive covenants in the title prevent sale
- Flats and maisonettes where FHG retains ownership of all properties in the block
- Properties with four or more bedrooms due to limited stock availability
- Properties earmarked by FHG for demolition or re-modelling
- Leasehold houses

- Leasehold flats where FHG is unable to grant a lease exceeding 50 years.
- Properties where the sales value determined by the RICS valuation is lower than the outstanding debt on the property
- Properties used for supported accommodation
- Properties under lease to FHG where FHG does not own the freehold or leasehold.

Properties excluded from sale under the Voluntary Right to Buy scheme may still be eligible for purchase under the statutory Right to Acquire. FHG will advise tenants of their rights to purchase their property through this scheme. Written confirmation will be provided to the tenant setting out why they are unable to purchase their current home.

4. Portability

FHG will offer all eligible tenants who are unable to buy their current property the opportunity to 'port' their discount to an alternative address. Where this occurs the discount will be applied to the open market value of the new property and not the tenant's current home.

An alternative property may be offered from FHG's existing stock or from FHG new build pipeline properties, including Limehouse Development Ltd open market sales properties. FHG will also work in partnership with other local housing associations to offer properties from their stock.

FHG will make one written offer of a specific property. This will be based on current household need and property availability and may not be a 'like-for-like' offer compared to their current home.

In order to ensure that a reasonable offer is made, FHG will contact tenants subject to portability to better understand their housing needs and set out what an alternative offer may look like. As a minimum, FHG will consider the following factors when making an offer of a new property:

Geography

- Where the tenant wishes to live
- Access to schools and current places of employment
- Access to health care & support networks (where applicable)

Property Type

- Household bedroom need
- Access & mobility requirements

Cost

- Purchase price and funds available
- Service charges applicable at new property
- Likelihood of future major works being required at new property
- Running costs of new property

Availability

- Properties likely to be available through void turnover and new build pipeline
- Restrictive covenants which may restrict sale
- Lender consent for FHG to sell alternative address

Portability

Priority will be given to offer tenants a property that is already vacant and available for purchase from FHG own stock. Tenants will be allowed four weeks from the point of offer to view the property and carry out surveys they feel necessary to decide whether to accept or decline the option to port to a new address.

Tenants wishing to accept the property will be required to move into their new home within one week of accepting the offer. As it is unlikely that tenants will be in a position to complete the purchase in this time frame they will be required to sign a two-year fixed term assured short-hold tenancy for the property until the purchase is complete. In the event that the purchase falls through after the tenant has transferred to the new address they will be offered an assured periodic tenancy at the end of their fixed term period.

Properties let on a short-term basis prior to purchase will adhere to statutory safety requirements but may not be repaired to FHG's lettable standard.

Deferred Portability

Where an alternative property is not immediately available to 'port' to, FHG will seek to identify a suitable home that is likely to become available in the near future. Existing stock and new build pipeline properties will be considered, provided they will be available for purchase within three months of the tenant's application.

Tenants will also be required to secure a mortgage offer and be in a position to move to a new property within this time frame.

Existing stock offered under deferred portability will not be repaired prior to sale. It is expected that any outstanding repairs costs will be reflected in the valuation provided by the RICS surveyor.

Where an alternative property cannot be identified for purchase or a mortgage secured within three months the tenant's application will be cancelled and they be required to re-apply subject to funding being available.

Offers by other housing associations

FHG will also work in partnership with neighbouring housing associations to identify suitable properties from their stock that may be available immediately or within three months of the tenant's application date. FHG will make the tenant aware of which housing associations they are working with locally and where they have stock.

Where a property is identified, the owning housing association will make a formal offer to the tenant directly in accordance with their own policy and explain the next steps in the purchase process.

Rejecting an Offer

Tenants who reject an offer of an alternative property will have their application cancelled and their application fee retained unless they can demonstrate the offer was unreasonable. This includes offers made by FHG directly and those by a partner housing association.

FHG believes it will have made a reasonable offer when the alternative property is:

- Affordable for the tenant to purchase and maintain
- Is in a satisfactory state of repair or that any repairs outstanding have been considered as part of the open market valuation
- Meets the minimum bedroom needs of the tenant's current household
- Allows the tenant and household members to continue in their existing employment and education

Tenants who wish to appeal the decision to cancel their application can do so following the steps set out in Section 8 of this policy.

5. Property Sale & Rights

FHG will retain the right of first refusal to buy back a property sold under Voluntary Right to Buy if the tenant decides to sell their property within 10 years of the original purchase date.

FHG also retains the right to nominate another housing association to purchase the property in the event that we do not wish to buy it. These rights will form part of the sales contract.

Properties will be purchased at full market value as determined by a RICS qualified surveyor appointed by FHG. Should either party wish to dispute the market value provided, they will be responsible for initiating further surveys at their own cost.

FHG will inform the ex-tenant of their intention to exercise their right of first refusal or not in writing within eight weeks of being notified of the intention to sell.

6. Repayment of Discount

Tenants will be required to pay back a percentage of the discount they have received on the purchase price should they choose to sell or sub-let the property in the first five years. The level of discount to be repaid is as follows:

Year From Purchase	Discount Repayment
1	100%
2	80%
3	60%
4	40%
5	20%

FHG will not require the payback of the discount of the tenant is transferring ownership of the property to a member of their family who currently resides with them.

Discretion on the repayment of discount may also be applied to former tenants who sub-let their property on a temporary basis to avoid financial hardship. For example, they have let their property to take up temporary employment elsewhere or they have needed to move for a short period to assist with a family emergency. Each situation will be assessed on its own merits and approved by a Group Director.

No discretion will be applied to former tenants who sub-let their property as a commercial exercise and/or for a period exceeding 6 months.

7. Fraud Prevention

FHG will suspend any application where it suspects fraudulent behaviour or money laundering is occurring in order to carry out a full investigation.

To identify fraudulent applications at the earliest opportunity and to reduce the risk of a fraudulent application progressing FHG will require all customers seeking to purchase their property to attend an office based interview with their original documentation as requested.

FHG will also cross reference customer signatures from previous documents against the current application form and may visit tenant's homes to conduct a tenancy audit if we have suspicions of sub-letting. Or if we suspect family members declared on the application are not using the property as their principle home.

FHG will consult with external agencies such as the Department for Work & Pension and Local Authorities to verify information provided during the application.

8. Appeals and Complaints

All appeals relating to portability or the discount calculation will be addressed via FHG's Complaints, Comments & Compliments Policy.

Appeals, and complaints about other aspects of service delivery, can be made via telephone, email, social media, letter, in person and via the on-line tenant account portal.

9. Review

FHG will undertake a review of this policy one year into the regional pilot. We will review procedures relating to it and staff training needs at regular intervals to ensure that we continue to offer an effective service to our customers.

The Group Directors will be responsible for ensuring that reviews of this policy are undertaken.

Appendix 1

Below is a flow diagram showing the application process for eligible tenants, with indicative timescales. This assumes that the tenant is eligible and buys the home in which they currently live.

