

Paragon Asra



PA Housing

Owning your home

Your guide to buying your home under the Voluntary Right to Buy Pilot



What is Voluntary Right to Buy?

The scheme may make it possible for you to buy your home from us, with a discount on the market value of up to £80,900 (the longer you have been one of our customers, the greater the discount you may be eligible for).

Although the original Right to Buy scheme was initiated back in 1980 and reinvigorated in 2012, the much newer Voluntary Right to Buy has made the programme more accessible.

Where before (under Right to Buy), only council and ex-council properties were eligible for the discount, the Government and the National Housing Federation have proposed the Voluntary Right to Buy so that the discount is available to Housing Association residents.



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The Voluntary Right to Buy pilot

Under the new Voluntary Right to Buy pilot scheme, some housing association tenants may be able to buy their home from their housing association. You may be eligible for a discount of between 40% and 70% of the value of the property, up to a maximum of £80,900 whichever is the lower.

Most people dream of owning their own home but you must think carefully before you go ahead and apply. Buying your home is one of the biggest decisions that you will have to make and will affect all those who live in the property.

Buying can seem attractive, as you may benefit from an increase in property value. However, property values can go down and your property may be worth less than you paid for it.

Owning a property brings with it responsibilities, costs and financial commitments. These can include:

- ▶ repairs to the property (that are no longer included in your rent payment, as you now own the property)
- ▶ monthly mortgage payments
- ▶ service charges for the upkeep of the property or estate
- ▶ insurance costs.

If you fail to meet your commitments and responsibilities, you could lose your home.

You should, therefore, think very carefully before buying and get plenty of advice from independent advisors before deciding to go ahead.

This booklet will help to provide you with the information that you need to get started, the questions that you should ask and how to take the next steps to buying your own home.

The pilot will be launched by the end of August 2018. The pilot will run for two years.

Please note that if you have the Right to Buy or preserved Right to Buy (normally if your property has transferred from a local authority to a housing association) you will not qualify for this Voluntary Right to Buy. Please speak to us if in doubt.

If you have these rights and you want to apply or find out more, go to www.righttobuy.communities.gov.uk/ or call 0300 123 0913.

Some tenants and some properties are excluded from the scheme. We will let you know if this applies to you after you have completed your application form.

We will ask you to pay an application fee of £250 (which will be refunded to you if you complete your purchase). If your property is excluded from the scheme or we are unable to sell it to you for legal reasons, we will refund the application fee to you.

Your application at all times is subject to completion.

Don't apply for a mortgage, instruct solicitors or make any other financial commitments until you have received an offer of discount letter from us. You will need to accept the offer within the required period, as these commitments will be incurred at your own risk.



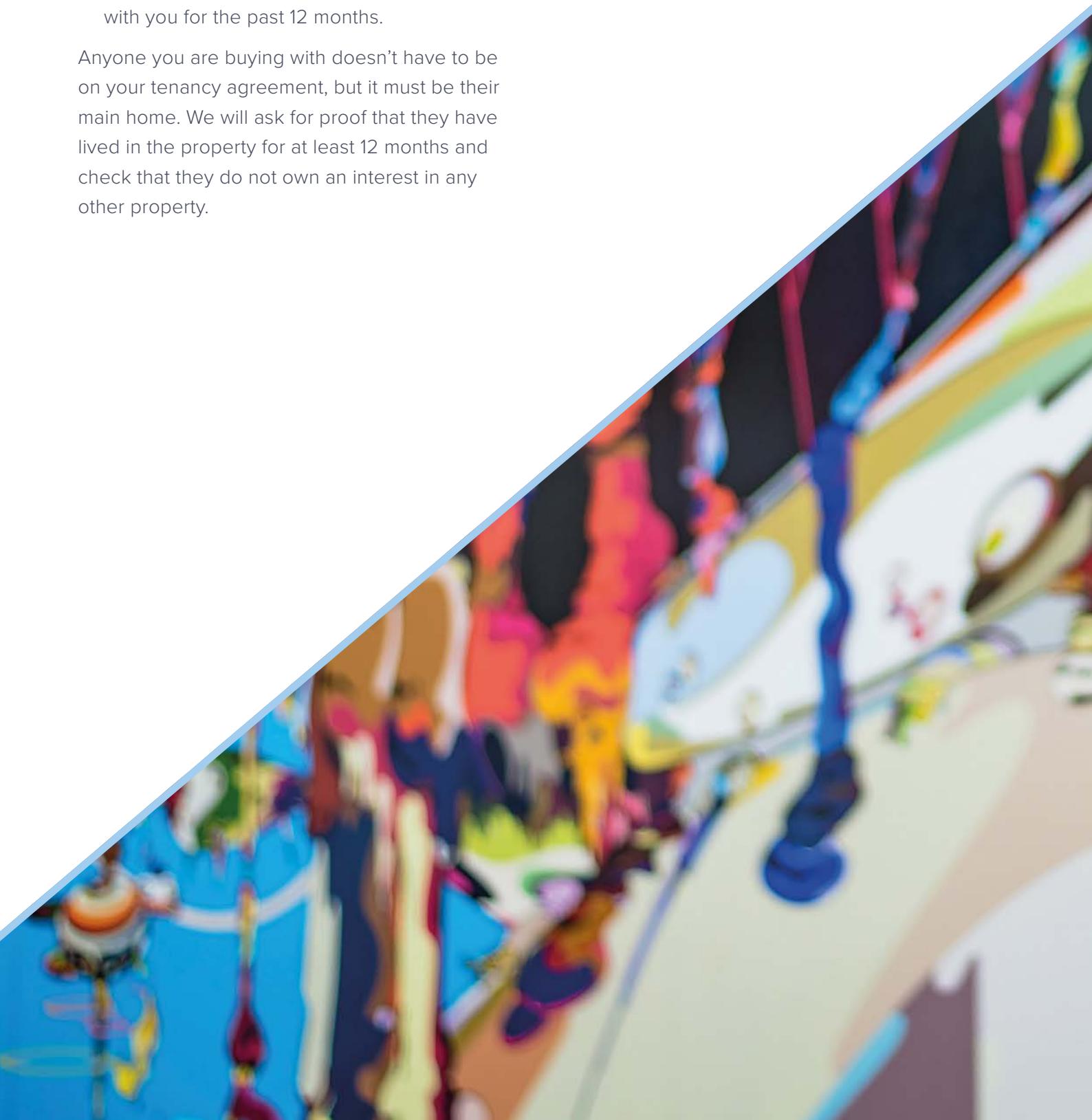
Thinking of applying?

You don't have to do it alone.

You can make a joint application for the Voluntary Right to Buy Pilot scheme. So if you're eligible, you might be able to buy your home with:

- ▶ someone who shares your tenancy
- ▶ your husband, wife or civil partner
- ▶ up to three family members who have lived with you for the past 12 months.

Anyone you are buying with doesn't have to be on your tenancy agreement, but it must be their main home. We will ask for proof that they have lived in the property for at least 12 months and check that they do not own an interest in any other property.





Could you be eligible?

You could be eligible to buy your home if:

You are one of our tenants and live in one of the areas selected for the Voluntary Right to Buy pilot scheme

Arundel; Ashfield District Council; Bassetlaw District Council, Blaby District Council, Bolsover District Council, Broxtowe Borough Council, Charnwood Borough Council, Chesterfield Council, Chesterfield Council; Chorley Council; Corby Borough Council; Coventry City Council; Daventry District Council, East Northants Council; Gedling Borough Council, Harborough District Council, Hinckley and Bosworth, Kettering Borough Council; Leicester City Council; Mansfield District Council; Melton Borough Council; Middlesborough Council; Newark and Sherwood District Council; Northampton Borough Council; North East Derbyshire; North Warwickshire Borough Council; North West Leicestershire DC, Nottingham City council, Nuneaton and Bedworth District Council, Rugby Borough Council; Runymede, Rushcliffe Borough Council; Rutland District Council, South Northants Council, South Ribble Council, Wellingborough Borough Council.

You do not already have the Right to Buy or Preserved Right to Buy.

If you do not have these rights and you want to apply or find out more go to www.righttobuy.communities.gov.uk or telephone 0300 123 0913.

You have been a tenant of a housing association or public sector landlord, such as a council, for at least 3 years.

If you have been a tenant for 3 years or more (it doesn't have to be 3 years in a row) you could qualify to buy the home that you currently live in. It must be your only or main home.

You do not live in supported housing. If in doubt, please check with us before applying.

There are some homes that you may not be able to buy under the scheme. If in doubt, please check with us before applying.

Your home is not due to be sold, redeveloped, demolished or is part of a larger regeneration scheme in your area.

If in doubt please check with us before applying.

Your property is not subject to planning requirements which mean we cannot sell it.

If in doubt please check with us before applying.

You do not have any legal problems with debt

For example, if you are an undischarged bankrupt, have a bankruptcy petition pending against you or have obtained a debt relief order

You cannot buy your home if there has been a breach of your tenancy.

You have been served a notice seeking possession, there are any other tenancy or anti-social behaviour related court proceedings. Your rent account must be clear of any arrears when you apply to buy and throughout the duration of the application.

If you can answer 'yes' to these statements, you may be eligible. However, some properties are exempt from sale under the Voluntary Right to Buy pilot. We will be able to confirm if we can sell you your property after we have checked your application.



Tenants are eligible if:

- ▶ they can prove they have been a tenant of social or affordable housing for at least 3 years (this need not have been with the same landlord, or continuous); and
- ▶ they currently hold an un-demoted secure tenancy, an assured tenancy¹, or a Localism Act fixed term tenancy²; and
- ▶ they can demonstrate that the property is their main home and they have resided in it for at least the last 3 years; and
- ▶ if they are applying jointly with up to 3 family members, these applicants can also demonstrate that it is their main home and it has been their residence for at least the last 12 months. No joint applicant³ can be added to or removed from the application during the process without voiding the application, requiring a reapplication by the tenant(s). Joint applications where any applicant is ineligible will be voided; and
- ▶ they, and any joint applicants, have the right to reside in the UK, and can demonstrate that they meet the immigration status checks.

Qualifying period

The qualifying period, and the period on which the discount is calculated, can include:

- ▶ non-consecutive periods as public sector tenants;
- ▶ all undemoted secure or assured tenancies;
- ▶ fixed term assured short hold tenancies as long as they don't apply to the property being purchased;
- ▶ any probationary periods as long as they have been completed or do not apply to the property being purchased;
- ▶ any period spent as a public sector licensee (e.g. alms house; MOD tenant) even though they cannot buy such properties under the scheme.

The qualifying period, and the period on which the discount is calculated, cannot include time spent as a non-tenant adult in a parental home.

The onus is on the applicant to demonstrate that they qualify for the whole eligibility period being claimed. In exceptional circumstances, tenants can make a statutory declaration, but this would need to be supported by some indirect evidence (e.g. that the public sector landlord owned the relevant property for the period in question).

1: The following categories of assured tenants are not eligible:

- ▶ Assured shorthold periodic tenants (although time spent holding such a tenancy may count towards the 3-year qualifying period);
- ▶ Assured shorthold fixed-term tenants where the original term is less than two years (although time spent holding such a tenancy may count towards the 3 year qualifying period);
- ▶ Assured fixed-term tenants where the original term is 21 years or more;
- ▶ Assured tenants in shared housing.

2: A Localism Act fixed term tenancy is a fixed term assured shorthold tenancy granted by a housing association, in line with Part 7 Localism Act 2011 and the Regulator of Social Housing's Tenancy Standard, for a fixed term of at least 2 years (and usually 5 years)

3: Joint tenants can apply. This text applies to joint applicants.

Tenants are not eligible if:

- ▶ they have Preserved Right to Buy or statutory Right to Buy;
- ▶ at the time of application, they hold an assured short hold tenancy (other than a Localism Act fixed term tenancy), a contractual (non-assured, non-secure) tenancy or are a licensee;
- ▶ they have a fixed term tenancy of less than 2 years, or if they have a periodic assured shorthold tenancy (including a starter tenancy which has not converted);
- ▶ they do not have the right to reside in the UK, and cannot demonstrate that they meet the immigration status checks
- ▶ they are currently subject to the mortgage rescue scheme. They will become eligible if they move to a new property or are granted a new tenancy;

- ▶ they are residents of almshouses or co-operative housing associations;
- ▶ they have any rent arrears;
- ▶ they or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit arrangements;
- ▶ they have committed anti-social behaviour as defined in the Paragraph 11 of Schedule 11 to the Anti-Social Behaviour, Crime and Policing Act 2014 and the housing association has initiated legal proceedings as a result of this. Tenants would become eligible if such legal proceedings were withdrawn or discontinued;
- ▶ they are currently subject to legal proceedings, e.g. injunction proceedings have been issued or a notice of seeking possession (NOSP) has been served. Tenants would become eligible if such legal proceedings were withdrawn or discontinued, or if the landlord failed to send papers to the court for issue within 6 months of expiry of the NOSP, or the landlord loses the case in court (including following any appeal);
- ▶ they are subject to legal proceedings at any point between application and completion. Tenants would become eligible if such legal proceedings were withdrawn or discontinued;
- ▶ they already own a property at the point of application; and will not end their ownership on or before the completion of the Voluntary Right to Buy;
- ▶ 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, or rooms, in a shared house or flat, even if the terms of the occupancy amount to an assured tenancy;
- ▶ they are a shared ownership tenant.

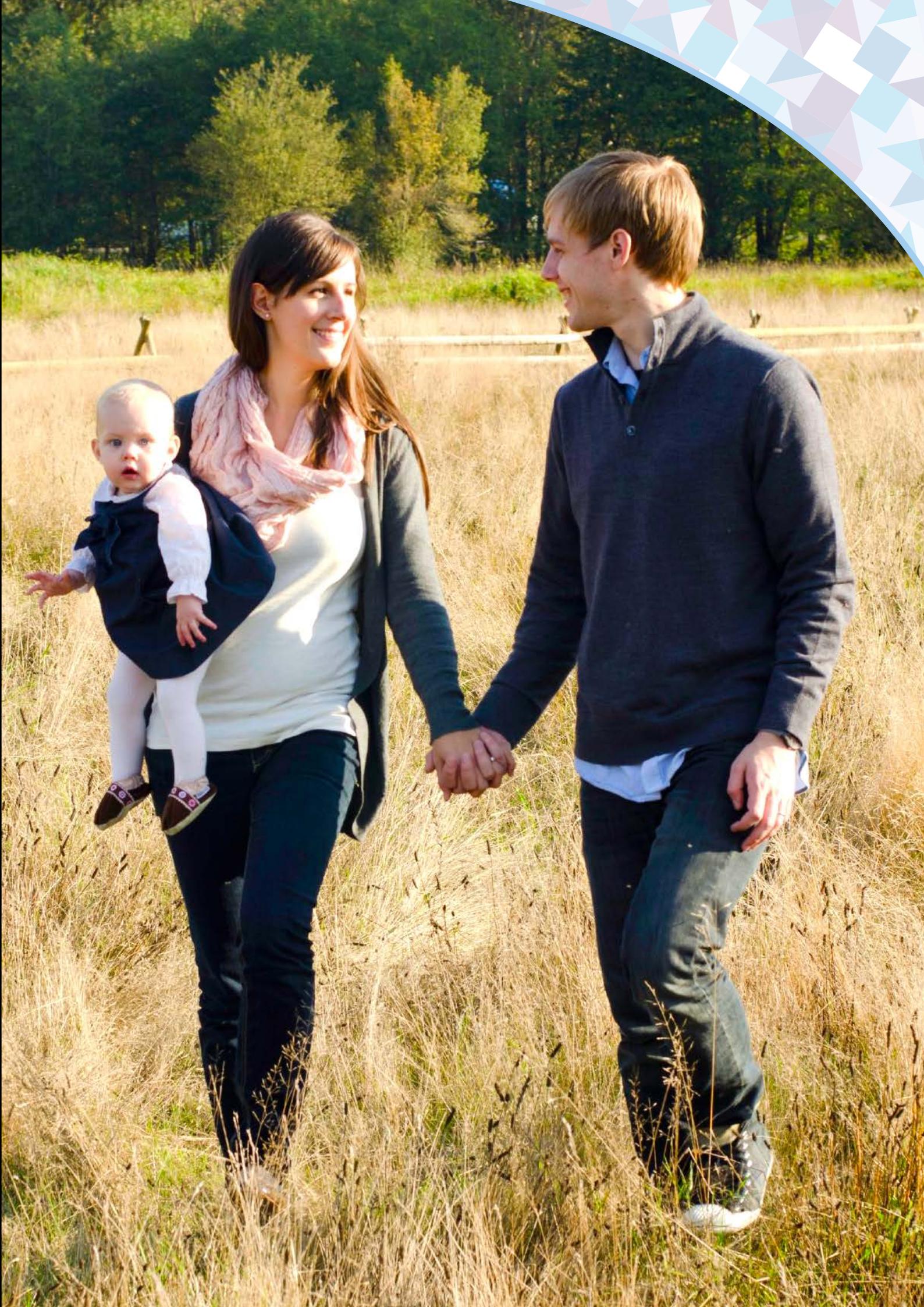


Exempt Properties

There will be circumstances where your home cannot be sold under the Voluntary Right to Buy scheme at the discretion of PA Housing and the Board of Directors.

PA Housing has resolved not to sell properties in the following circumstances:

Circumstances where discretion not to sell will be applied	Rationale
Where there are clear restrictive covenants in existing resident contracts around the protection of rural homes.	Avoiding the risk of subsequent legal action for breach.
Properties that have been constructed by PA Housing within the last 5 years	New homes will not be sold as part of the Voluntary Right to Buy pilot.
Lease prevents the creation of a further sub lease.	Avoids covenant breach.
Where PA cannot grant a long lease (21 years for a house and 50 years for a flat). lease prevents the creation of a further sub lease.	Consistent with existing preserved Right to Buy and Right to Acquire scheme.
Supported Housing (as defined by Part V of the 1985 HA) This would generally mean a home designed with special features for people with physical disabilities; a home for people with special needs and require intensive housing support; a home for people with a mental disorder where social services or other special facilities are provided	To preserve the integrity of housing schemes for specialist accommodation based support, sheltered housing or extra care housing. The voluntary right to buy will be permitted at these schemes if there is mixed tenure.
Houses owned by PA Housing that are leasehold	The buyer can never own the Freehold of the property.
Sheltered schemes and Extra Care Housing	To preserve the integrity of housing schemes for specialist accommodation based support.
Tied accommodation occupied because the tenant is employed by the social landlord.	The property is provided for the purpose of housing employees working for PA Housing.
Certain properties with historic interest or other special significance to the community, such as almshouses.	To preserve the historic significant of these properties.
Properties bequeathed for charitable or public benefit purposes and there are restrictive covenants or other legal agreements preventing the sale of the home.	Respecting the restriction of use and avoiding the risk of subsequent legal action for breach.
Properties that have restrictions imposed by local authorities Section 106 agreement (Town and Country Planning Act 1990) or other nomination arrangements in place	Avoiding the risk of subsequent legal action for breach
Properties that are subject to loan agreements that prevent the sale of the property.	To avoid default and subsequent cross default on loan agreements.



Circumstances where discretion not to sell will be applied	Rationale
Properties where, after the application of cost floors, would lead to a loss when sold i.e. where the property has been subject to improvements in excess of £5,000 within the last 5 years.	To protect PA Housing's financial strength by avoiding selling homes at a loss.
Properties which are being sold to another HA where the agreement to sell is already in place.	To protect PA Housing and our tenant. To encourage the tenant to approach the new Landlord.
Properties due for demolition.	A sale could prevent or delay a development or regeneration scheme.
Where there are legal covenants limiting or preventing disposal (e.g. restrictive covenants) or covenants that would trigger payment by or liability to the Association (e.g. clawback or overall payments)	The rationale would be "Avoiding the risk of subsequent legal action for breach and/or the disposal is not viable on a costs basis."
A Local Authority objects to a sale on the "grounds of exceptional housing need and demand".	To ensure that PA maintain strong working relationships within the boundaries of our agreements.

It should be noted that there are a number of homes PA Housing own that cannot be purchased through the voluntary scheme due to the nature of these homes and that the customer living in these homes would not be eligible to participate in the scheme. This includes the following as an example but is not limited to the following:

- ▶ Hostel and supported housing schemes where license agreements are issued
- ▶ Intermediate Market Rent properties where an Assured Shorthold Tenancy is issued.
- ▶ Market rent properties where an Assured Shorthold Tenancy is issued
- ▶ Rent to Buy products where an Assured Shorthold Tenancy is issued and where different purchase arrangements are in place
- ▶ Shared ownership properties where a lease is in place and different purchase arrangements are in place.

It is also worth noting that the voluntary right to buy agreement will not apply to Co-operative Housing Associations.

These are policy documents which have been prepared for guidance purposes only and do not seek to amend or supplement the overriding principles set out in the relevant legislation, which should be referred to by tenants. Tenants wishing to participate in right-to-buy are advised to seek independent legal advice.

PA Housing reserves its right to amend this policy in line with any changes to legislation or at the request of its Board of Directors.



Portability Policy

These are policy documents which have been prepared for guidance purposes only and do not seek to amend or supplement the overriding principles set out in the relevant legislation, which should be referred to by tenants. Tenants wishing to participate in right-to-buy are advised to seek independent legal advice.

Local Portability Policy

This portability policy sets out how PA Housing will work with eligible tenants to port their discount, where it is found that the property cannot be sold for reasons identified in the Exemptions Policy. A reasonable offer of an alternative property will be made from our own stock of similar vacant properties to the one that the tenant currently occupies. However we cannot offer a 'like for like' property or have a property available when the tenant makes an application.

Voluntary Right to Buy Policy – Discount

Eligibility:

Only PA Housing can initiate the porting process. This will only be done when a customer is eligible to purchase the property they live in and PA Housing has exercised its discretion not to sell the home for one of the reasons set out in Exemptions Policy Appendix A of the right to buy policy. PA Housing will advise an applicant if they are eligible to port their discount. At this point the applicant will be required to confirm their intention to port their discount to an alternative property.

Applicants who decline the opportunity to port their discount or do not indicate whether they wish to port their discount will have their right to buy application cancelled.

Applicants who confirm they wish to exercise the discount porting process will have their application paused while an alternative property is identified.

Identifying a property to port a discount to:

PA Housing will be offering homes from within its existing stock for the purpose of porting for tenants who wish to do so.

PA housing will offer up to 2 offers (dependent on property availability) to the tenant over a 6 month period. If a suitable alternative property has been offered and rejected, or the tenant has not engaged in the porting process, their VRTB application will be cancelled.

To avoid unnecessary rent loss on the empty property the offer will specify the timeframe for the customer to accept or decline the porting offer. This will be no less than 48 hours.

When a suitable property has been identified, and is not immediately available for purchase, then at the discretion of PA Housing the parties can agree that, applicant will move into the property and their Voluntary right to buy application will be restarted. The porting applicant is moving to the property on the condition they complete a purchase. They will be awarded a 2 year fixed term tenancy. If the purchase is not completed in this timeframe no further tenancy will be awarded.

Properties eligible for porting a discount to:

A 'suitable alternative property' will be deemed as a property which is the same property type (e.g. flat or house) and has the same number of bedrooms. Where possible, it will be in the same or nearby geographical area taking into account proximity to work and schools if relevant.

The property must also be eligible for purchase under the voluntary right to buy scheme.

Porting applicants are not permitted to purchase a home of a different type or that has more bedrooms than they currently occupy.

Where improvements have been made in the applicants current home, and this includes decorating, alterations, fixtures and fittings, this will be disregarded when identifying a suitable alternative. PA housing will not be responsible

for either compensating or replacing these improvements unless legally required to do so.

If the porting applicant requires aids or adaptations in the alternative home it will be their responsibility to arrange for funding and installation after they have purchased the home.

PA Housing may consider a reasonable adjustment by allowing the applicant to remain in their existing home until the sale is completed if the existing home already contains adaptations and the new home does not and the customer can demonstrate these are needed to reasonably occupy the home. PA Housing may consider allowing an applicant a period of time to carry out necessary adaptations to a new home where the applicant is porting their discount before moving out of their existing property and completing the purchase. This will be at PA Housing's absolute discretion and subject to any contractual arrangements that may be required.

Discount calculation:

Valuations and discount calculations will be based on the property that the applicant ports their discount to and not the originating property.

PA Housing reserves its right to amend this policy in line with any changes to legislation or at the request of its Board of Directors.



What discount could you get?

You may qualify for an even bigger discount

The longer you have been a tenant, the bigger the discount you get off the market value of your home – up to a maximum discount of £80,900 or 70% of the value, whichever is lower.

Discount levels for houses and flats start at 3 years of eligible tenancy, increasing for every year of tenancy, up to 70% of the property value.

For an idea of the discount that you may be able to get, please use the online Right to Buy calculator. Simply search ‘Right to Buy calculator’ or go directly to: www.righttobuy.communities.gov.uk/right-to-buy-calculator/

You could also check out local estate agents and property search websites to get a rough idea of what your home could be worth.

You might get a lower discount if you previously bought another home through Right to Buy, or if we have spent some money on improving your home.

If you have made improvements to your home yourself, make sure you let us know (as part of the application form) so that we can reflect this in the valuation.

House

Discounts start at 35% for 5 years’ tenancy. Add 1% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years’ tenancy = 40%, 20 years’ = 50%).

Example: Buying a house

Current house value

£120,000

Years as a tenant

10 years

Eligible discount (35% + 1% for each year over 5 years)

40%

Discount value

£48,000

Price you pay for house (£120,000 less £48,000)

£72,000

Flat

Discounts start at 50% for 5 years’ tenancy. Add 2% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years’ tenancy = 60%, 15 years’ = 70%).

Example: Buying a flat

Current flat value

£100,000

Years as a tenant

10 years

Eligible discount (50% + 2% for each year over 5 years)

60%

Discount value

£60,000

Price you pay for flat (£100,000 less £60,000)

£40,000





Discount Table #1

The table shows the percentage discount you will be entitled to, however the maximum discount a Tenant can receive is capped at £80,900.00

Freehold

You get a 35% discount if you have been a public sector tenant for three years. The discount remains at 35% until you have five years public sector tenancy. After year five the discount goes up by 1% for every extra year you've been a public sector tenant up to a maximum of 70% or £80,900, whichever is lower.



Tenancy Years	% Discount
3-5	35
6	36
7	37
8	38
9	39
10	40
11	41
12	42
13	43
14	44
15	45
16	46
17	47
18	48
19	49
20	50
21	51
22	52
23	53
24	54
25	55
26	56
27	57
28	58
29	59
30	60
31	61
32	62
33	63
34	64
35	65
36	66
37	67
38	68
39	69
40	70
45	70
50	70

Tenancy Years	% Discount
3-5	50
6	52
7	54
8	56
9	58
10	60
11	62
12	64
13	66
14	68
15	70
16	70
17	70
18	70
19	70
20	70
21	70
22	70
23	70
24	70
25	70
26	70
26	70
28	70
28	70
30	70
31	70
32	70
33	70
34	70
35	70
36	70
37	70
38	70
39	70
40	70
45	70
50	70

Discount Table #2

The table shows the percentage discount you will be entitled to, however the maximum discount a Tenant can receive is capped at £80,900.00

Leasehold

You get a 50% discount if you've been a public sector tenant for three years. The discount remains at 50% until you have five years public sector tenancy. After year five, the discount goes up by 2% for every extra year you've been a public sector tenant, up to a maximum of 70% or £80,900, whichever is lower.



Understanding the costs of home ownership

For most people, buying a home is the biggest investment they will ever make. It's an exciting time, but there is a lot to think about.

You need to look at all the costs involved – not just mortgage payments. You need to work out if you can afford it not only now, but in the future too, when your circumstances may be different.

Bear in mind that house prices could go down as well as up.

It's a good idea to look into the costs of home ownership as early as possible, before you get too far into the Voluntary Right to Buy process. You are responsible for how you finance your Voluntary Right to Buy – we can't arrange this for you.

This section provides an overview of the costs as well as where you can get more information and free, unbiased advice. There's a checklist on pages 27 and 28 that can help get you started.

Can you afford it?

Mortgage or loan?

You are likely to need a loan or mortgage, which you would pay back with interest, usually in monthly payments. The interest rate will be in the mortgage deal that you agree with your lender (usually a bank or building society) and can change over time. Remember that interest rates could go up or down in the future, which will mean the money you will pay back each month could change significantly.

How much can you borrow?

This depends on your personal circumstances, such as your income, your outgoings, whether you're buying alone or with someone else.

You agree with the lender how long you need the mortgage for and whether you can afford the monthly payments.

When deciding the period your mortgage will be paid over, remember that when you retire this could affect how much you can afford for mortgage payments.

The type of property you live in can also affect whether you can get a mortgage – for example, some lenders won't lend money on a flat in a high-rise block.

Even if you don't need a mortgage yourself, it's worth checking whether lenders are willing to give mortgages on the type of property you are buying. You may want to sell in the future to someone who does need a mortgage.



Things to consider before you buy

Finding the best option for you

There are different mortgage options available from different lenders. For example, some will treat your Voluntary Right to Buy discount as your deposit, while others will not.

It's worth shopping around to compare the deals available to you, and get impartial advice before making up your mind. The Money Advice Service is a good place to start – they provide free, unbiased advice.

You could also look at comparison sites and online calculators to help you get an idea of costs. The Money Advice Service offers a useful mortgage calculator on their website. This will provide an indication of approximate mortgage costs. Simply search 'Money Advice Service mortgage calculator' or go directly to: www.moneyadviceservice.org.uk/en/tools/mortgage-calculator

You could also talk to a bank, building society, mortgage broker or an independent financial adviser (IFA). Some brokers and advisers charge for their services, so ask before appointing them. Whoever you speak to, make sure they are regulated by the Financial Conduct Authority (FCA).

Many lenders will also charge a fee to set up a loan or mortgage. Make sure that you understand the terms and all the costs involved before you commit to anything.

Check out carefully any person or company offering to help you buy your home as some of them may charge a fee. The company may be offering a deal which is far better for them than for you.

- ▶ Shop around
- ▶ Check out carefully anyone offering to help

- ▶ Get advice
- ▶ Check all the costs upfront (the cheapest quote may not be the best one for you)

Please remember we will only work with customers who have a unique reference number and have fulfilled the criteria of the Voluntary Right to Buy scheme. Do not apply for a mortgage, instruct solicitors or make other financial commitments until you have received an offer of discount letter from us. You will need to accept it within the required period, as any costs incurred will be at your own risk.

Other costs of buying a home

There are some one-off costs when buying your home, as well as ongoing costs. Costs below are correct at time of publication and are only provided as a guide. See our useful contacts on page 33 for more information.

One-off costs

Mortgage advice

You may choose to get advice from an independent financial adviser or mortgage broker. Costs vary and may be a set fee or percentage of the loan.

Survey

You may want to get an independent survey done. This will highlight any problems (such as repairs) you will need to know about before you buy.

Costs can vary depending on the type of survey. Typically they start at around £250 for a basic valuation survey.

Legal fees

You will need to hire a solicitor or other licensed conveyancer for the legal aspects of your purchase (searches, land registry fees, deeds, etc). Costs can vary, and are typically around £750 and upwards.

Stamp duty

This is a one-off tax you pay when you buy a property. The amount is usually based on a percentage of the purchase price and varies according to the property value. Stamp duty does not apply to properties under a certain value (currently £125,000).

Ongoing costs

When you buy your home, you take on some ongoing costs and responsibilities that you might not have had as a tenant.

Maintenance and repairs

As a homeowner, your landlord will no longer organise repairs to your home. You will need to arrange and pay for these yourself. This could include electrical and plumbing jobs through to more expensive repairs such as a new boiler or repairing your roof.

It's a good idea to set aside some money each month for maintenance and repairs. Be aware that you may need permission for some changes (such as planning permission for an extension), so check before you get started.

Service charges

If you pay us service charges now, you will probably be required to continue to pay us service charges in the future. This is so that we can still provide services to everyone.

Flats (and some houses) are leasehold properties. When you buy a leasehold property, the freeholder (usually us) will still be responsible for maintaining the building and the surrounding, communal areas – as defined in your lease.

As a leaseholder, you will pay your share of these costs – known as the service charge. When major repairs and maintenance are needed in your block or estate, you'll have to pay a share of the costs too.

This can be several thousand pounds if, for example, a new lift or windows are needed.

To help you budget, we will set your service charges for a fixed 5 year term. This figure takes into account any long term plans for repairs work or improvements.



Home improvements for leaseholders

You may need permission from us as your freeholder to make certain changes to your property. These should be set out in your lease – check it carefully with your solicitor before you sign it.

The same rules apply to all leases (whether it's a council or a private property).

Where to get help if you're thinking of buying a leasehold property

It's worth talking to local leaseholders to learn about their experience of service charges in your area.

Free information and advice is available from the Leasehold Advisory Service. You'll find their contact details on page 33.

Insurance

You may already have insurance for the contents of your home. As a homeowner you will also need to insure the building (if you are a leaseholder you will pay your share of this cost through the service charge).

You may also want to get income protection or life insurance incase anything happens to you while you are paying off your mortgage or loan. Some lenders insist on this when they give you a mortgage.

Other considerations

As a homeowner it is unlikely you will be eligible for housing benefit.

Your home could be at risk if you aren't able to keep up your mortgage or loan payments.

Checklist

- ▶ Check if you are buying a leasehold property and look into the costs.
- ▶ Work out your monthly outgoings – don't forget to include all your living costs, such as food and clothes.

- ▶ Set aside some money each month for maintenance and repairs.
- ▶ Think about what you'll do if things change in the future.
- ▶ Fill out the table on pages 27 and 28

Selling or transferring your home later

Once you buy your home through the Voluntary Right to Buy pilot scheme, you can sell it whenever you want. However, there are some things that you need to know:

If you sell within 5 years

You will usually have to repay some or all of the discount you received. The amount depends on the price that you sell at and how long you have been an owner.

This also applies if you agree to transfer ownership to somebody else.

If you sell within the first year you will have to pay back all the discount

- ▶ 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

If you sublet your property within the first 5 years

The purpose of the Voluntary Right to Buy is to support tenants into home ownership. To disincentivise sub-letting the tenant is required to pay back some or all of the discount if they sub-let the property within the first five years. If they sublet within the first year the tenant will have to pay back all of the discount.

- ▶ 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

If you live in a rural area

You may only be allowed to sell your home to somebody who lives or works locally. Please ask us if you are unsure about this.



Working out the costs

Being a homeowner can bring many benefits, but it also brings important responsibilities. Use this section to help you work out the costs, benefits and drawbacks of home ownership for you. Fill out the table below to help you work out your

current monthly outgoings as a tenant, and compare that with the costs of being a homeowner. When working out what you can afford, it's important to put in all of your outgoings, such as food, clothes, utility bills, phone and car.

One-off costs when you buy (see page 23 for details)

Legal fees £	Stamp duty £
Survey fees £	Other costs £
Total £	£

Income	Now (tenant)	Homeowner
Wages	£	£
Housing benefit	£	£
Other income	£	£
Total	£	£

Ongoing costs (monthly)	Now (tenant)	Homeowner
Mortgage or loan payments	£	£
Rent	£	£
Council tax	£	£
Utility bills (water, electricity, gas, telephone etc)	£	£
Insurance (buildings and content)	£	£
Life assurance and illness cover (if applicable)	£	£
Internal upkeep and maintenance (repairs to heating system, DIY (if applicable)	£	£
Major repairs or improvements (if applicable)	£	£
Service charges and ground rent (if applicable)	£	£
Other costs (living expenses, such as food, going out, clothes)	£	£
Total	£	£

Total monthly income	£	£
Less monthly outgoings	£	£
Your money left over each month	£	£



Advantages of renting

Advantages of buying

Possible drawbacks of renting

Possible drawbacks of buying

Summary

The Money Advice Service has a range of tips and tools to help you budget and work out what you can afford.

Voluntary Right to Buy pilot: A step-by-step guide

Process and Timescales

Below you will find the timescales which will be confirmed throughout the process. Failure to comply with these timescales will result in the withdrawal of your application or the expiry of the funding allocated to you by the Government.

PLEASE NOTE THAT APPLICATIONS WITHDRAWN BY US WILL NOT BE RE-OPENED.

These timescales assume that a tenant can purchase the home they currently live in.

Date of launch	Tenant register interest on Government portal
Launch date	Government allocate Unique Reference Numbers to eligible tenants to apply for Voluntary Right to Buy and inform eligible tenants and applicable landlords
Stage 1	Application Form - within 4 weeks Tenant submits a fully completed and signed application with all documentation and evidence requested to PA Housing (Landlord)
Stage 2	Eligibility Checks – within 4 weeks (full history with current Landlord) or within 8 weeks (history includes other Landlords) Landlord carries out applicant eligibility and initial property checks – this includes checks to verify right to reside in the UK, fraud checks and a home visit.
Stage 3	Pay administration fee and select valuer – within 4 weeks Tenant pays £250.00 administration fee to the Landlord and confirms choice of valuer

Stage 4	Valuation and legal due diligence – within 12 weeks Landlord instructs valuation and carries out legal due diligence to identify any property exclusions under this policy. For included properties the Landlord will request permission to sell from Homes England. If Homes England provide approval to sell, the Landlord will issue a formal offer to the Tenant to confirm the value, purchase price and discount entitlement.
Stage 5	Formal offer notice accepted by tenant – within 4 weeks Tenant confirms their intention to proceed with the purchase and provides solicitor's details to the Landlord.
Stage 6	Conveyancing and completion of sale – within 12 weeks The Tenant, Landlord and Solicitors for both sides progress conveyancing and complete sale.

All the timescales are provided by the Government within their Midlands Pilot guidance for Housing Associations. PA Housing will aim to administer applications in line with these timescales.

Supporting Documentation

It is the responsibility of the purchaser to demonstrate they can meet the eligibility criteria and you are entitled to the discount you are claiming.

The documents you will be asked to provide will be:

- ▶ Documents to confirm your identification and right to reside in the UK
- ▶ Certificates to correct any out of date tenancy information, such as Marriage Certificate

- ▶ Certificates to confirm your relationship with family members sharing the purchase, including Birth Certiifcates and Marriage Certificates.
- ▶ Suitable evidence of former tenancies

If you are claiming former tenancies with other landlords, we will ask you to obtain a signed letter from your former landlord to confirm details of your former tenancy.

Will I be visited by someone from PA Housing

Yes, we will arrange a home visit and it is compulsory for all purchasers to be present at the visit. As the home visit we will check documentation to confirm identification and the right to reside in the UK for all purchasers.

Do I have to pay an application fee?

Yes, we will ask you to pay for an application fee of £250 before we value your home. You must make the payment within 4 weeks of request.

The payment will be refunded to you if you complete the purchase of your home, or if we close your application because we identify that your property is excluded from the Pilot. The payment will not be refunded if you decide not to proceed with the purchase or if we decline your application, e.g. you failed to meet the timescales outlined in this section.

Will repairs still be carried out to my home?

During the application process we will only carry out essential repairs to comply with our legal obligations as a landlord. No planned improvement works will be undertaken to a property once an application has been received.

I have been approached by a person or company offering to help me buy my home what should I be aware of?

If you are approached by a person or company offering to help you buy your home, check out what's in it for them and talk to us before signing up to any deal. We are aware that sometimes tenants are ask to pay a lot of money for things that landlords will do free of charge.

Some companies offer tenants money up front in a

deal under which the company ends up owning the property – this is know as a deferred resale agreement. This is good for the company, which can charge a higher rent than your landlord could when it let the property. But it is not always good for tenants, because the money they get may not be enough to buy another home. Some tenants have found themselves homeless after agreeing to such deals. Also if you enter into a – deffered resale agreement, you may have to replay your Voluntary Right to Buy discount.

Four questions to ask yourself before you buy

Q1. Do I have the right to buy under the Voluntary Right to Buy Pilot scheme?

Before you start this process, use the checklist on page 7 to see if you might qualify for the Voluntary Right to Buy pilot scheme.

Q2. Can I afford it?

Use the checklist on pages 27 and 28 to work out the costs, benefits and possible drawbacks of buying. It's worth doing this before you get too far into the process.

Q3. Can I afford it if things change in the future?

Remember that your home could be at risk if you are not able to keep up your mortgage and loan repayments. So, work out your budget, don't over-extend yourself financially and make sure that you have some savings set aside for a rainy day.

Q4. What are the benefits and risks?

Owning a home can be a good investment for the future and can give you more freedom to make your home your own. But, make sure you've also considered the risks and responsibilities.

Before you apply

Before you apply please note the following.

Not all tenants can buy their home under the Voluntary Right to Buy pilot scheme. (Please see pages 7, 9 and 10) for details of some of the exceptions and exclusions.) We may not be able to sell you your property.

You cannot apply if you have the Right to Buy or Preserved Right to Buy (if in doubt ask us to check for you). Only certain areas are being considered (please see page 7).

You will need to pay a £250 administration fee. This is refunded if you complete your purchase or we are unable to sell your property to you, but will not be refunded if you decide not to go ahead after applying.

Places on the Voluntary Right to Buy pilot scheme are limited and are dealt with on a first-come, first-served basis. You must not have any rent arrears or other breaches of your tenancy conditions.

No sale can take place unless the relevant legislation and regulations permitting the Voluntary Right to Buy (and other legislation which relates to the sale) have been passed and we have the permissions, consents and agreements we need from the Homes and Communities Agency. This is not guaranteed.

You will be expected to proceed quickly with your purchase, if your application is accepted. If you do not meet the set timescales, you may lose your place in the queue and may not be able to complete your purchase.

You will need a bank account to pay charges due (if any) by Direct Debit, following completion.

You will be required to become the legal owner of the property and appear on the official ownership documentation.

Remember

Do not make a mortgage application, instruct solicitors or make any other financial commitments until you have received an offer of discount letter from us and accepted the offer within the required period. These commitments will be at your own risk.

Don't forget, even if you do this, you must proceed promptly and we cannot complete until the relevant laws, permissions and consents are in place. Your application is at all times subject to completion.

Important

Please note that this booklet is designed for general guidance on the scheme only. Please contact us if you require further information on the terms of the schemes.



Glossary of terms

Right to Buy and Right to Acquire

Statutory Right to Buy

This includes Right to Buy and Preserved Right to Buy.

Right to Buy

Allows most local authority tenants and some secure housing association tenants in England to buy their home at a discount. Discounts of up to £80,900.

Preserved Right to Buy

Some tenants in England whose home used to be owned by a local authority, but was transferred to another landlord (e.g. a housing association) whilst they were living in it, may have the Preserved Right to Buy.

Right to Acquire

Allows housing association tenants in England to buy their home at a discount if the property was bought or built by the housing association after 31 March 1997 or transferred from a local authority to a housing association after 31 March 1997. Discounts of between £9,000 or £16,000 are available depending on the local authority.

Voluntary Right to Buy

This pilot scheme was launched in August 2018 and gives housing association tenants living in a number of local authority areas in the Midlands the opportunity to buy their home under the same level of discount as the Statutory Right to Buy. The key difference of this scheme is that it is voluntary and therefore a tenant does not have a right to buy the home they currently live in and their housing association can chose which properties are available.

Tenancy Types

Secure tenancy

Now only given to those that move, either by way of a transfer or mutual exchange, and who were secure council tenants or assured housing association tenants at their previous property before the move took place. A secure tenant has

the right to live in their property for the rest of their life as long as they comply with their tenancy agreement. Secure tenancies can only be ended by a court order, following a court hearing to look at the reasons behind the breaches of the tenancy. Secure tenants have the right to exchange their home with another local authority or housing association tenant providing they have obtained prior written consent from the future landlord. Secure tenants may also have the Right to Buy.

Assured tenancy

Offered by housing associations equivalent of secure tenancies offered by the council. The main difference is that assured tenants do not have the Right to Buy but may instead have the Right to Acquire.

Assured shorthold tenancy (AST)

Starter tenancy

Usually an AST for a trial period of 12 months, which then can either become an assured tenant through conversion, a trial period that can be extended for six months, or steps can be taken to end the tenancy.

Periodic assured shorthold tenancy (AST)

A month-to-month rolling tenancy where the fixed term has expired and the tenancy has not been renewed, or converted, but the tenant still resides in the property.

Localism Act 2011 fixed term tenancy

From 2012 onwards, social landlords were allowed to offer fixed term tenancies offering a tenancy for a certain period of time. At the end of the tenancy it may be ended or renewed or another type of tenancy granted. The tenancy can only be ended by the housing association if there is a breach of tenancy and a court order is in place. Fixed term tenants may be eligible for Right to Buy and for mutual exchange.

Assured shorthold fixed term tenancy/flexible Tenancies

Must be for at least two years up to five.

Assured shorthold long term tenancy

21 years or more.

Demoted tenancy

A secure tenancy or assured tenancy can be demoted by a court to an AST because of antisocial behaviour.

Conveyancing terms

Transfer

Where the remaining interest in the lease is transferred to another party.

Buildings insurance

Covers the cost of rebuilding or repairing your home if it's damaged or destroyed.

Completion

The point at which the property legally passes into the buyer's ownership.

Completion statement

As statement setting out the costings for the various parts of the transaction. The completion date will be agreed between the parties and their solicitors.

Covenant

A promise contained in the deed or lease that imposes an obligation to do or not to do something.

Assignment

The transfer of ownership from one party to another, usually related to the assignment of a lease.

Charge

A security relied upon by the lender against a property which gives power for them to sell the property if you fail to make the repayments.

Conveyance

The legal process of transferring property from one person to another.

Conveyancer

A solicitor or licensed conveyancer who can deal with the legal aspects of buying or selling land/property on behalf of the buyer and the vendor. The buyer and the vendor must instruct different solicitors to act on their behalf.

Disbursements

Expenses incurred by your solicitor in connection with either the sale or purchase of the property.

Easement

A legal right to cross or otherwise use someone else's land for a specified purpose.

Exchange

Exchange of contracts takes place when the buyer and seller are ready to make the transaction legally binding and sets the date for completion.

Freehold

The legal word that refers to the ownership of the land, usually where the property stands, where both belong to the owner indefinitely.

Freeholder

The person or company who owns the freehold.

Lease

A contract where the vendor transfers their interest in land or property to the buyer for a specified period of time.

Leasehold

Land or property that is held under a lease.

Leaseholder

The person or company who holds the leasehold interest.

Lease term

The period of time for which a lease has been granted.

Mortgage

A long term loan secured on the property to fund the purchase (see also charge).

Mortgage deed

A document used to record the terms of the lender's charge against the property.

Mortgage offer

Issued by the lender confirming how much they are willing to lend and setting out the terms and conditions.

Overage

A sum which the vendor may be entitled to receive after the completion if a specified condition is met that materially increases the property in value. eg. New planning permission granted or resale of land at a higher value. This can usually only happen within a specified period of time from the date of the original sale.

Searches

Various searches are carried out by solicitors in order to find out more about the property being purchased e.g. Local Authority (planning history, roads), Environmental, Water and Drainage, Chancery Repair.

Service charge

A fee paid for services provided in relation to communal areas.

Fixed service charge

Paid by rented tenants to cover the costs of services provided in relation to communal areas.

Variable service charge

Paid by leaseholders to cover the costs of services provided in relation to the communal areas, and contributions towards buildings insurance and a sinking fund. Your service charge will change from fixed to variable upon completion.

Stamp Duty Land Tax (SDLT)

A tax on land transactions based on the value of the property.

Title deeds

The documents showing the ownership of the property.

Title plan

A plan outlining the area and boundary of land and/or property included in the sale.

Valuation survey

The process of appraising the value of the property usually by an independent surveyor – valuations are carried out for different purposes, for example for PA Housing to make you an offer or for your lender to establish the value of the property for lending purposes. Valuation surveys are different from structural surveys which look at the structure and possible repairs needed on a property.





Contact details & useful information

Right to Buy agent service

The Government's Right to Buy agent service offers free and impartial advice on Right to Buy. If you decide home ownership is the right choice for you, they can help you through the process of buying your home, including providing information on finding a mortgage and appointing a solicitor. Right to Buy advisers are available from Monday to Friday, 9am to 6pm, and you can phone or speak with them online.

📞 0300 123 0913

🌐 www.communities.gov.uk/righttobuy

Money advice

The Money Advice Service is an independent organisation set up by the government. The Service provides free, impartial advice on a range of financial matters. This includes tips and tools to help you budget, choose a mortgage and work out whether you can afford monthly repayments.

📞 0300 500 5000

🌐 www.moneyadviceservice.org.uk

Buying a leasehold property

The Leasehold Advisory Service (LEASE) provides free, unbiased advice on leasehold properties, including guidance on service charges and ground rent.

📞 020 7832 2500

🌐 www.lease-advice.org

Stamp duty

For information on stamp duty and the latest rates please go to:

🌐 www.gov.uk/stamp-duty-land-tax-rates

Mortgage Advice Bureau

📞 0800 085 0118

🌐 www.mortgageadvicebureau.com/contact-us

Citizens Advice

📞 03444 111 444

🌐 www.citizensadvice.org.uk

Notes





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Disclaimer

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