

DEPARTMENT OF THE ENVIRONMENT

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MINISTER FOR HOUSING AND
CONSTRUCTION

September 12

Dear Margaret,

You may like to
see our Right to Buy
booklet just coming
off the press.

There will be 2 million!

Hope you had
a reasonable break.

Yours ever

T. H. M.



The Right to Buy.

A guide for council,
new town and housing
association tenants. ©



Important note: This booklet does not provide an authoritative interpretation of the law; only the courts can do that. If you are in doubt about your rights or are considering taking legal action you would be well advised to seek information from a Citizens' Advice Bureau or consult a solicitor. Help with all or part of the cost of legal advice may be available under the Legal Aid Scheme.

Do you pay rent for your house or flat to the local council, to the Commission for the New Towns, a New Town Development Corporation, the Development Board for Rural Wales, or a housing association?

Would you like to buy the home you now rent?

If the answer to both these questions is "yes", then you are advised to read this booklet. You may now have the right to buy your home as a result of the Government's Housing Act 1980. This booklet gives an outline of the right to buy scheme, but it is only a summary. If you decide to go further you will find that the Right to Buy Claim form (see Q3) and guidance notes with it will give you a more detailed explanation. Also, your landlord will be able to answer your questions.

Summary of main rights

The right to buy gives you

- the right to buy the home you live in;
- the right to buy jointly with other members of your family who live with you;
- the right to have a discount off the open market value of your home of between 33% and 50%, depending on the number of years you have been a tenant;
- the right to a mortgage from your landlord, or, if you are a housing association tenant, from the Housing Corporation;
- the option to buy your home at a fixed price within two years if you don't qualify for a big enough mortgage to enable you to buy outright immediately.

All these rights are set out in more detail below.

Q1. Who qualifies to buy?

A. You have the right to buy if for a total of three years you have been what is now called a "secure tenant" of a local council, a New Town Development Corporation, the Commission for the New Towns, the Development Board for Rural Wales or some housing associations. (A note on page 12 explains which housing association tenants have the right to buy.) Throughout this booklet these bodies are referred to as your "landlord". If you have spent less than three years in your present house or flat, the time spent as a secure tenant in another house or flat, even with another of these landlords, will count towards the three years.

Q2. Am I a secure tenant?

A. Most of the tenants of the landlords mentioned above will be secure tenants; the exceptions are listed at the end of this booklet. For a tenancy to be

secure, the house or flat must be a separate dwelling (not just a bedroom in a hostel, for example) and the tenant must occupy it as his only or principal home. If you are not a secure tenant your landlord may allow you to buy if he chooses, but you don't have the right to buy.

Q3. How do I go about buying?

A. Use the Right to Buy Claim form which you can get from your landlord. If you have any difficulty in getting hold of a Claim form write to the Department of the Environment or the Welsh Office. Fill in the form and send it to your landlord. As your Claim form is an important legal document you are advised to use recorded delivery or to deliver it by hand and obtain a receipt. This starts you off. If you are a council or new town tenant see the note on procedure on page 11, or see the separate note on page 12 if you are a housing association tenant.

Q4. When can I apply?

A. When you have been what is now called a secure tenant (see Q2) for three years or more. If your husband, wife or parents have died, time they spent as tenants may in certain circumstances count towards your three years and towards your discount (see Q8). This is explained more fully in the guidance notes with the Right to Buy Claim form.

Q5. What am I entitled to buy?

A. You have the right to buy the home you rent. If you live in a house you buy the freehold. If you live in a flat you buy a lease, usually for 125 years.

Q6. Are there any houses or flats where secure tenants are excluded from the Right to Buy?

A. Some. The main exclusions are:

- "Sheltered" dwellings for people of pensionable age.
- Dwellings designed or specially adapted for people of pensionable age which it is the practice of the landlord to let only to such people (subject to the Secretary of State agreeing the dwelling comes into this category).
- Dwellings that are specially designed or adapted for disabled people (not just with a few minor adaptations).

If you live in one of these excluded dwellings, your landlord may allow you to buy if he chooses, but you don't have the right to buy.

Dwellings where the landlord does not own the freehold are also excluded.

Q7. Can other members of my family buy jointly with me?

A. Yes, you have the right to require that up to three other members of your family who are living with you and have been doing so for at least 12 months before you apply shall be able to buy jointly with you.

Q8. How will my home be valued and what discount do I get?

A. Your house or flat will be valued at its open market value with vacant possession, less the value of improvements that you have paid for yourself. You then have a right to a discount, the amount of which depends on how long you or your wife or

husband or others buying jointly with you have been secure tenants. You will get 33% off the valuation if you have been a secure tenant for three complete years. The discount then goes up by 1% for each complete year up to a maximum of 50% after 20 complete years as a tenant. The periods counting towards discount don't need to have been in the same house or flat or with the same landlord. Again, you may be able to count towards your discount time spent as a tenant by a husband, wife, or parent who has died, or time spent in the regular armed forces if you have recently left the services. The discount may be restricted in certain cases; for example so as not to exceed a maximum money value laid down by the Government or so as not to bring the purchase price of your home below the amount it cost your landlord to build, purchase or improve it if those costs have been incurred since 1 April 1974.

Q9. What date will be used for the valuation of my home?

A. If you apply on or before 3 April 1981, the valuation will be the market value of your home as at 8 August 1980, which was the date the Housing Act received Royal Assent. If you apply after 3 April 1981 the valuation will be as at the date of your application to buy.

Q10. Suppose I think the valuation isn't fair?

A. If you think your landlord's valuation is wrong you could take professional advice or discuss it with your landlord. You also have the legal right to a valuation by the District Valuer. He is independent, and his decision on value will be binding on both you and on your landlord.

Q11. What about a mortgage?

A. You can apply to a building society, for example, for a mortgage, and there may be advantages to you in getting a mortgage that way. However, you have a legal right to a mortgage from your landlord or, if you are a housing association tenant, from the Housing Corporation. The Secretary of State makes regulations which affect how large your mortgage from the landlord can be. Briefly these are that the amount you will be entitled to will be 2½ times the available annual income of one purchaser, plus 1 times the income of each other purchaser. If you are over 60, the multiplier will be lower. If you want a copy of the actual regulations you can buy a copy from Her Majesty's Stationery Office (or through a bookseller) or ask your landlord to let you see them.

You may be better off with an option mortgage rather than with income tax relief on your mortgage interest payments. Ask the person from whom you get your mortgage about this if you are not sure. Your landlord, the Housing Corporation or a building society can give you some idea of how much you would have to pay each month for whatever sum you borrow.

Q12. What happens if I cannot borrow enough to buy?

A. If you have sent in a Right to Buy Claim form and have asked your landlord or the Housing Corporation for a mortgage, and then find you don't qualify for a mortgage big enough to buy immediately, you will have the option to buy later. To get the option, you will have to pay a deposit of £100, but this will enable you to buy your home any time within two years of your first applying to buy and at the price your home was originally valued at (see Q9). If you decide to buy before the two years are up, the £100 will count towards the price. If you decide not to buy, it will be refunded in full. If you cannot afford to buy at the end of two years your landlord can, if he wishes, allow you to make a shared

ownership purchase, again at the price at which your home was originally valued. Under this arrangement you start by partly owning and partly renting your home, with the right to buy into full ownership later on at the time of your own choosing and with the discounts described under Q8.

Q13. What are the expenses of buying?

A. If you have your own surveyor and solicitor you will have to pay their fees. When your purchase is completed you will have to pay land registration fees and may have to pay Stamp Duty. In addition, there will be mortgage costs. Where the mortgage is provided by your landlord or the Housing Corporation fees are subject to a maximum that the Secretary of State can lay down. That is the only fee your landlord can pass on to you. You can get an idea of the buying expenses by talking to your landlord or your solicitor.

Q14. Will I need to have the property surveyed?

A. This is up to you, but it is recommended. You will have to pay for the services of your own surveyor, but you may regard it as money well spent. You will be making a big investment and you are advised to get expert opinion on the condition of the property you are buying. After the purchase is completed you will be responsible for the maintenance and repair of the property if it is a house. If it is a flat the position will be different. The landlord will normally remain responsible for external repairs and maintenance as well as for providing agreed services, and your lease may require you to make a reasonable contribution towards the costs involved. Where structural defects are concerned, the landlord will have full financial responsibility for putting them right unless they have either been notified to the tenant at the time he

is buying or they come to light 10 years or more after the sale; this applies only to flats, not to houses.

Q15. If I go ahead, should I get a solicitor?

A. This is also up to you. But buying a house is a major step and you may prefer to have the help of a qualified person who is there to protect your interests. Again, you will have to pay for the services of your own solicitor.

Q16. What happens if I want to resell later?

A. You can sell whenever you like and at the full current market value, but if you do sell within five years you will have to repay some of your discount, as follows:

If you resell in the first year after purchase, you repay 100% of the amount of your discount;

If you resell in the second year after purchase, you repay 80%.

If you resell in the third year after purchase, you repay 60%.

If you resell in the fourth year after purchase, you repay 40%.

If you resell in the fifth year after purchase, you repay 20%.

After five years are up you are free to resell without any repayment at all. But even during the first five years you can sell at the full current market value of your house at any time, subject to the discount repayment arrangement described here.

Example of a repayment of the amount of your discount

For instance, if your home was valued at £20,000 and you qualified for a 50% discount then your purchase price would be £10,000 and the value of your discount would be £10,000. If you resold in the first year after purchase you would repay £10,000

(100%) of your discount; if you resold in the second year after purchase you would repay £8,000 (80%); if you resold in the third year after purchase you would repay £6,000 (60%); if you resold in the fourth year after purchase you would repay £4,000 (40%); if you resold in the fifth year after purchase you would repay £2,000 (20%). After five years you may resell without repaying any of the £10,000.

Generally you can resell to anyone you like. There are, however, restrictions in some special rural areas, like National Parks and officially designated Areas of Outstanding Natural Beauty. If your home is in one of these your landlord may require you to sell only to someone who has been living or working in a specified region. If this restriction is imposed it will be taken into account in the valuation when you buy your home. In these special rural areas your landlord may also get permission from the Secretary of State, or the Housing Corporation where the landlord is a housing association, to buy your house or flat back if you want to resell within 10 years of buying. If this happened, however, your landlord would have to pay you the full current market value of your home at the time you resold less any discount you had to repay.

Q17. What if I have questions or difficulties?

A. Ask your solicitor, your landlord or your local Citizens' Advice Bureau. Once you have applied to buy, your landlord must reply to your application stating whether or not in his opinion you have the right to buy within four weeks of your application, or within eight weeks if part of your qualifying three-year period was with a different landlord. If your landlord does not make progress with your application, you (or your solicitor) may contact the Regional Office of the Department of the Environment for the area in which you live (or the Welsh Office if you live in Wales). The addresses are printed on the back of this booklet.

The Right to Buy procedure for council and new town tenants

1. This note outlines the procedure for buying your home under the right to buy if you are a council or new town tenant. The procedure for housing association tenants is given on page 12.
2. You send your Right to Buy Claim form to your landlord (see Q3). You will receive a Response Notice telling you whether or not in the landlord's opinion you have the right to buy. This should happen within four weeks, or eight weeks if you have been a tenant with another landlord in the last three years.
3. The landlord will then send you an Offer Notice which will tell you the valuation of your house (and about your right to query the valuation if you disagree with it), your discount, the price at which your house will be sold to you, the basic conditions of sale, and your right to obtain a mortgage from your landlord by filling in the Mortgage Notice which will be enclosed.
4. At that point you can apply for a mortgage, for example from a building society. Alternatively you can send your Mortgage Notice to your landlord if you want to take up your right to a mortgage from him. You will then get back a Mortgage Response Notice saying how large a mortgage you are entitled to.
5. Once all mortgage and sale matters have been agreed between you and your landlord, you will be ready to complete the purchase and your landlord can ask you to do so within 28 days except where you have claimed the option to complete the sale within two years at the original valuation. When the purchase is completed you will own your own home.

The Right to Buy for housing association tenants

1. There are different types of housing associations, and only the tenants of some of them will have the right to buy their homes. You will usually qualify for the right to buy if your housing association is:
 - a) registered with the Housing Corporation and
 - b) if it is **not**
 - a charity
 - an association which has not received public subsidy
 - a co-ownership or
 - a "fully mutual" co-operative.

However, all these forms of housing association have been given powers to sell to their tenants, if they wish.

2. Your association will be able to say whether or not you have the right to buy. But you can check with the Housing Corporation – their address is at the back of this booklet – or your solicitor.
3. You send your Right to Buy Claim form to your association (see Q3). You will receive a Response Notice telling you whether or not in the landlord's opinion you have the right to buy. This should happen within four weeks, or eight weeks if you have been a tenant with another landlord in the last three years.
4. The landlord will then send you an Offer Notice which will tell you the valuation of your home (and about your right to query the valuation if you disagree with it), your discount, the price at which your home will be sold to you, the basic conditions of sale, and your right to obtain a mortgage from the Housing Corporation by filling in the Mortgage Notice which will be enclosed.
5. At this point you could apply for a mortgage, for example from a building society. Alternatively you could send a Mortgage Notice to the Housing Corporation if you want to take up your right to a mortgage. You will then get back a Mortgage Response Notice setting out how much you are entitled to.

6. Once all mortgage and sale matters have been agreed, you will be ready to complete the purchase and your landlord can ask you to do so within 28 days except where you have claimed the option to complete the sale within two years at the original valuation. When the purchase is complete you will own your home.

The following will not be secure tenancies - the Right to Buy will therefore not apply

Tenancies of the following dwellings will not be secure tenancies:

1. Dwellings let as part of business or agricultural premises (for example public houses, farms, shops).
2. Dwellings on land which has been bought for redevelopment and which are only being used as temporary accommodation until the redevelopment takes place.
3. Dwellings which the landlord has leased from someone else and which have to be given up empty when the owner wants them.
4. Almshouses.
5. Dwellings which are let on a co-ownership or, in some cases, co-operative basis where the landlord is a registered housing association. Tenancies in management co-operatives are, however, secure.

Tenancies granted to the following tenants will not be secure tenancies:

- *6. Students given a tenancy to enable them to follow certain full-time courses at a university or college. The tenancy will become secure if it has not been brought to an end six months after the tenant stops attending such a course at the university or college.
- *7. People moving into the area from another district to take up a job and given housing temporarily while they seek a permanent home. The tenancy will become secure after one year if the tenant is still in occupation.
8. Homeless people given tenancies while inquiries are made by the local authority about their rights under the Housing (Homeless Persons) Act. The tenancy will become secure one year after the local authority's decision under the Housing (Homeless Persons) Act unless the tenant has already been given a secure tenancy.

*For these exclusions to apply, the tenant must be told before the start of a tenancy that it will not be a secure tenancy.

9. Employees required to occupy a particular dwelling under their contract of employment in order to carry out their job (for example caretakers, sheltered housing wardens).

10. Local authority employees granted a tenancy of a dwelling forming part of, or in the grounds of, such establishments as old people's homes and special schools, if the tenancy says that the dwelling is to be vacated when the employee leaves the job.

11. People who were originally squatters but who have since been given a licence to occupy a dwelling. (Other licensees will be secure tenants.)

The following types of tenancy will not be secure tenancies:

12. Long fixed-term leases (of over 21 years).
13. Temporary lettings to people who were not secure tenants in their previous homes which are being improved or repaired.

Department of the Environment Regional Offices

Northern

Wellbar House, Gallowgate
Newcastle upon Tyne NE1 4TX

North West

Sunley Building, Piccadilly Plaza
Manchester M1 4BE

Yorkshire and Humberside

City House, Leeds LS1 4JD

West Midlands

Five Ways Tower, Frederick Road
Edgbaston, Birmingham B15 1SJ

East Midlands

Cranbrook House, Cranbrook Street
Nottingham NG1 1EY

Eastern

Charles House, 375 Kensington High Street
London W14 8QH

South West

Froomsgate House, Rupert Street
Bristol BS1 2QN

South East

Charles House, 375 Kensington High Street
London W14 8QH

Greater London

GLH Division
2 Marsham Street, London SW1P 3EB

Welsh Office

Housing Division
Crown Offices
Cathays Park, Cardiff CF1 3NQ

Housing Corporation

Maple House
149 Tottenham Court Road
London W1P 0BN

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