

Thinking of buying your home from the council?

Right to Buy information for secure tenants

Do I have the Right to Buy?
 Can I afford it?
 Can I afford it if things change in the future?
 What are the benefits and risks?

| | Costs of buying | Costs of your alternative option (for example, the costs of renting) |
|-------------------------------|-------------------------|--|
| One-off costs: | | |
| Legal fees | | |
| Surveyors fees | | |
| Valuation fees | | |
| Land registry | | |
| Stamp duty | | |
| Other costs | | |
| Annual costs: | | |
| Mortgage payments | | |
| Council tax | | |
| Water charges | | |
| Insurance | | |
| Life assurance | | |
| Internal upkeep | | |
| External repairs/improvements | | |
| Service charges (Flats only) | | |
| Other costs | | |
| Advantages of buying | Disadvantages of buying | |
| Your decision | | |

If you apply to buy your home, you will carry on as a tenant until the purchase is complete. If the purchase of your home is not completed you will continue to be a secure tenant. There are no charges for withdrawing your application, however depending on the stage of your application you may incur legal and/or mortgage application costs.

Selling your home in the future

Repayment of discount

You can sell the property whenever you like, however if you sell within five years of buying it you will have to repay some or all of the discount. The amount to be repaid will be a percentage of the market value of the property when it is resold.

Council's right to first refusal

If you purchased your home under the Right to Buy scheme and you want to sell or dispose of it within 10 years, you will be required to offer it back to the council or another social landlord in the area at full market value. If the council or other social landlord are not willing to buy the property you are then free to sell it on the open market.

Important information

You can deal directly with the council, free of charge, with your Right to Buy application. You don't need anyone to do it for you. It isn't necessary to employ a company that claims expertise in submitting applications. Beware also of companies that offer you money up front in a deal where the company ends up owning the property.

If you would like help to understand this leaflet please contact us on 01293 438392 or email right.to.buy@crawley.gov.uk

If you have any queries about the Right to Buy scheme please visit www.righttobuy.communities.gov.uk or call us on 01293 438000 or 438286.



Right to Buy

Under the Right to Buy scheme you can buy your home at a price lower than the full market value. This is because the length of time you have previously spent as a tenant entitles you to a discount. More information can be found:

- in the government leaflet 'Your right to buy your home'
- at www.righttobuy.communities.gov.uk
- on www.facebook.com/righttobuy

Do you have the Right to Buy?

If you've been a council or public sector tenant for three years (it doesn't have to be three years in a row) you can apply for the right to buy. A public sector tenancy could be a tenancy with a council or a tenancy with certain housing associations or other public bodies. You will NOT be eligible to apply for the Right to Buy if any of the following apply to you:

- You are under the age of 18 years
- You live in sheltered accommodation
- You have an introductory tenancy
- The property was let to you in connection with your employment
- You are an undischarged bankrupt, have a bankruptcy petition pending against you, or have made an arrangement with creditors (people you owe money to) and you still owe them money
- You cannot buy your home if a court makes a possession order which says that you must leave your home
- You have broken the terms of a suspended possession order with regard to rent arrears
- You or a member of your family who is resident at the property is the subject of a court order for anti-social behaviour
- The property is suitable for occupation by elderly people.*

*A property that is suitable for occupation by the elderly is defined with regard to its location, size, design, and other features. In addition, the property was let for occupation by a person aged 60 or more.

How do I apply?

You can apply for the Right to Buy by completing an application form. This form is known as an RTB1 'Notice Claiming the Right to Buy.' These forms are free of charge and can be obtained from the Town Hall or from

www.righttobuy.communities.gov.uk

Once you have completed the form, return it to the council at the Town Hall. You will be entitled to a discount based on the number of years you have been a tenant. The discount is worked out as a percentage of the current market value of the property, although there is a maximum cash limit. On 21 July 2014 the law changed and maximum cash discounts will now increase annually by inflation. Contact us or visit www.righttobuy.communities.gov.uk to find out what the current maximum discount is.

Please note: Your discount may be reduced by a special rule called the cost floor. Under this rule the discount you receive must not reduce the price you pay below what the council has spent on building, buying, repairing or maintaining your home within the last 15 years.

What happens next?

Most sales go through without any problems as there is a strict timetable for both you and the council to follow.

The council has four weeks from the time it receives your completed application (RTB1), to let you know if you have the Right to Buy. If you are buying a house, the offer notice (also known as a Section 125 Notice) has to be sent to you after a further eight weeks. If you are buying a flat this is extended to twelve weeks to let the council collect the extra information needed for the lease. The offer notice lets you know the valuation, amount of discount and the purchase price along with any special conditions.

You have twelve weeks to let the council know if you accept the offer and want to go ahead with the purchase or if you want to withdraw your application. If the council does not hear from you they will send you one reminder. If you do not respond

to this reminder within a month your right to buy application will be cancelled.

Once you have told the council you wish to proceed, you will need to instruct a solicitor to act on your behalf and, if necessary, obtain a mortgage. If you are unable to complete the purchase within three months of the offer notice, the council will serve you with a 'Prior Notice to Complete'. This gives you 56 days in which to complete the purchase. If you fail to respond to this notice a 'Final Notice to Complete' will be served giving you a further 56 days to complete the purchase before your application is withdrawn.

If you feel the council is delaying the process you can challenge them by completing an 'Initial Notice of Delay' form (RTB6). More information on this process can be found at www.righttobuy.communities.gov.uk

Can you afford it?

Initial costs incurred by exercising your Right to Buy

You will need to employ either a licensed conveyancer or a solicitor to act on your behalf for the purchase. It is best to enquire how much they charge for their services first.

You may have to pay Stamp Duty. This is a one-off tax you pay when you buy a property. The amount is based on a percentage of the purchase price and varies according to the property value. This can change over time so check with your solicitor what it means for you.

You will need to have a survey done on the property which you will need to pay for and your mortgage lender may insist on one. There are different types of survey available, from basic surveys to more comprehensive ones. Choosing the right survey will help highlight any serious problems and let you know of the specific risks before you commit to the process of buying your home. We recommend that you seek advice on the type of survey that is best for you.

Regular costs of being a homeowner

Before you buy your home you must think about all the costs involved in running it. For example, once you have purchased the property you will be responsible for ALL the repairs to the property.

- Mortgage: Unless you are intending to pay cash for the property, you will need a mortgage. There are many different types of mortgage so it is best to enlist the help of a financial adviser or ask for advice from your bank or building society. On top of the money you borrow, you will also have to pay interest on the loan, which is incorporated into the monthly payments you need to make
- Buildings insurance: This will cover the cost of rebuilding your home if it was destroyed by fire or some other incident. If you have taken out a mortgage to buy your home your mortgage company will insist you take out this cover. If your property is a flat the council will cover this on a block policy that you will contribute towards
- Contents insurance: This will cover the contents of your home against accidental damage or theft
- Life assurance: This is important as it will pay off your mortgage if you die before the end of the mortgage period. This will mean that your family will not be left with the mortgage debt.
- Mortgage payment protection insurance: This insurance will give you the security you need to cover the mortgage payments should you become unemployed or fall ill for a long period of time. This is optional, and should only be considered if you feel it is appropriate for you
- Council Tax: You will still have to pay council tax, unless you qualify for a reduction but this depends on your circumstances, such as: being on a low income with little or no savings, living on your own or if you have any disabilities. Contact the Council Tax section at the Town Hall on 01293 438616 to find out more.

- Utility bills: You will still have to pay for your water, gas, electricity and other household bills
- Management charges: If you buy a flat the council will still be the freeholder of your home and you will become a leaseholder. As a leaseholder your lease will require you to pay your share of the costs of managing and maintaining the common parts of your building and its grounds. You will be billed for this in April and October each year.

Repairs and maintenance

When you purchase your home you become responsible for all the costs of repairs or maintenance to the property. This includes finding contractors for minor repairs like a blocked toilet and major repairs like a complete rewire. It is down to you to make sure you seek advice as to the condition of the property and what work might need doing before you buy it. The council will no longer service your gas boiler each year and it will be your responsibility to make sure annual gas safety checks are carried out.

Please note that once you submit an application for the Right to Buy, the council will only carry out essential repairs to the property whilst your application is still current.

Buying a flat

If you are buying a flat you will have to pay service charges for the upkeep of the property as set out in your lease. These charges are divided equally between the numbers of flats within your block. The costs cover the maintenance to the communal areas, structure and exterior of the property and can be as high as several thousand pounds depending on what work is carried out.

You will be expected to contribute to general day-to-day management costs, maintenance, and improvement costs. An estimate of the expected costs for the first five years will be sent with your offer notice.

Can I afford it if things change in the future?

Risk of forfeiture

If you have brought a flat and don't keep up with the payment of your service charges you will break the terms of your lease and the council can take legal action against you. This could include forfeiture of the lease which means that you would lose your home and still owe any loan or mortgage secured against it.

Risk of repossession

It is very important to keep up with your mortgage payments. If you experience financial difficulties in paying your mortgage you should contact your mortgage lender immediately. You can also seek advice from the Citizen's Advice Bureau or from the council's Housing Help Point at the Town Hall. If you fail to take steps to prevent the loss of your home you may be deemed as making yourself intentionally homeless and would not be entitled to accommodation from the council as a result.

If you were to lose your income through unemployment there may be limited help available from the Department of Work and Pensions. Any benefits you received would not cover the full amount of your payments and you would have to make up the difference.

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

Benefits and risks

You can use the following chart to help you decide whether you wish to buy your home and work out the costs, advantages and disadvantages of buying.

We are happy to help you fill in the RTB1 form and talk to you about your Right to Buy application.