

## FACT SHEET

# Preserved Right to Buy

This information sheet tells you about your Preserved Right to Buy and how to contact us about it. It also sets out the standards and levels of service we aim to provide.

### 1. What is the Preserved Right to Buy?

The Preserved Right to Buy is a legal right given to former tenants of a local authority with a secure tenancy, to buy their home. The Right to Buy only applies if you were a tenant with these local authorities on these dates:

**West Berkshire District Council**

4 December 1989

**Christchurch City Council**

28 March 1991

**Vale of White Horse District Council**

9 February 1995

**Basingstoke & Deane Borough Council**

20 March 1995

This right was 'preserved' when the housing stock transferred from the council's ownership to ours. The Preserved Right to Buy is available as long as you qualify under the Housing Act 1985 and the property is not of a type excluded under the legislation.

The qualifying criteria is explained in more detail below together with the procedure you should follow and the things you should consider before deciding to become a home owner.

### 2. Who can exercise the Preserved Right to Buy?

If you were a secure tenant of any of the named authorities on the dates they were transferred to us, you may have the Preserved Right to Buy.

### 3. Properties not included in the Preserved Right to Buy

Certain types of homes may not qualify for the Preserved Right to Buy, such as temporary housing and specialist housing for the elderly or housing for people with disabilities and mental health issues.

If you find your application is refused, you have the right of appeal within 56 days of being notified, when we will give you the reason for this refusal.

### 4. Before you buy

The decision to buy a home is probably the biggest financial decision you will ever make and is a decision that should not be taken lightly.

There are a number of important factors that you should consider before buying your own home, including the number of costs you will have to pay if you decide to go through the Preserved Right to Buy process. These can include:

- Stamp duty: this is a tax on the purchase price of land and buildings and can be between 1% and 5% of the whole purchase price. At the time of printing, if the purchase price is below £125,000 you do not pay any stamp duty. If the purchase price is between £125,000 and £250,000 stamp duty will be 1%,
- Legal fees can typically cost £500 plus VAT,
- Survey fees can usually be expected to cost between £250 and £600 depending on the type of survey, and
- Other costs associated with taking out a mortgage can vary considerably and you should shop around for the best deal.
- Can you afford the mortgage repayments and associated costs of running your own home?

Remember, unlike your rent, your mortgage repayment will not include buildings insurance and a free repairs service - if you buy your home, you will have to pay for these things yourself. Regular repayments you may be required to make can include:

- Mortgage and other secured lending repayments,
- Buildings insurance, life assurance and mortgage protection insurance,
- Repairs and maintenance costs of running your own home, and
- If you buy a leasehold flat or maisonette you will usually have to pay an annual service charge.

Details of this should be included in any right to buy offer letter we send you. As a leaseholder you may also be required to pay a contribution towards the cost of the maintenance of any communal areas or to the exterior of the premises.

Remember that if you do not maintain these payments regularly, then you run the risk of your home being repossessed.

### **5. Do you receive Housing Benefit?**

Remember, as an owner-occupier, you will not receive any Housing Benefit to help with your mortgage costs. You may be able to claim income support to help with costs; however this is not usually payable until nine months after you first claim it.

- If you are elderly and own your own home, its value may be taken into account when assessing whether you are eligible for financial help with the cost of residential care.

### **6. When will I learn if I have the Preserved Right to Buy?**

After we have received and processed your Right to Buy application, we will send a letter telling you whether or not you have the Preserved Right to Buy your home. You should receive this within four weeks of your application.

If you do not have the Preserved Right to Buy, we will tell you why. If you disagree with our explanation and decision you can get advice from the Citizens Advice Bureau or from a solicitor.

Alternatively you can write to the Residential Property Tribunal Service, 10 Alfred Place, London, WC1E 7LR.

### **7. When will I receive details of the price at which I can buy my home?**

After you have received our acceptance, we will instruct our surveyors to contact you to arrange the valuation of your property.

Once we receive the valuation, an offer notice (Section 125 notice) will be issued to you.

You should receive this within eight weeks of the date of our acceptance of your claim to purchase your property.

The offer notice will describe the property for which you have the Preserved Right to Buy, detail the price at which you can buy your home and describe any structural defects, which we know about.

The offer notice will include your discount entitlement which may allow you to buy your home at a price below its market value.

The longer you have been a tenant the bigger your discount entitlement. The maximum discount given will be £77,900. If you live in a house you will get between 35% and 70% off the market value. If you live in a flat or maisonette, your discount will be between 35% and 70% subject to the maximum discount.

More information about discounts is available in the government produced booklet 'Your Right to Buy Your Home', available from us.

Your discount may be reduced if we have spent money on buying, building, repairing or maintaining your property over the last 15 to 16 years. This reduction is known as the cost floor rule. You will be told about this in your offer letter if this rule applies.

### **8. Getting a survey**

After you receive your offer notice, we strongly advise you to get an independent survey from a qualified surveyor, a structural engineer or an architect. You should ask how much the survey will cost before anyone carries out the survey.

Your mortgage lender may be able to arrange for its valuer to carry out the survey, which could save you paying for a separate valuation. (See 'Getting a mortgage' below).

### **9. What if I disagree with the offer price?**

If you think we have valued your home too highly, you have the right to request an independent valuation from the District Valuer.

You must ask us to request this for you within 12 weeks of the date of the offer notice. You will then have four weeks to put your case to the District Valuer.

If you have had a survey done, you can send a copy of your surveyor's report to the District Valuer. The District Valuer will also want to inspect your home. The District Valuer's valuation will be final, even if it is higher than our valuation. You will either have to accept it or withdraw your application.

### **10. Getting legal advice**

Before deciding whether to buy, you should get legal advice, particularly if you have worries about the terms of the sale. You should always ask how much it will cost before you employ a solicitor or licensed conveyancer.

### **11. Deciding what to do next**

Once you have received your offer notice, you will have several choices to make.

You must decide and tell us in writing if you want to:

- Buy your home outright for the full Right to Buy price, less any discount for which you are eligible, or
- Decide not to buy and withdraw your application, and continue as a tenant.

You must tell us your decision within 3 months of receiving your offer notice. If you fail to do this you will lose your right to an independent valuation from the District Valuer. We will send you a first reminder, which you should reply to within 56 days.

After this you will be issued with a final reminder, and if this is not replied to within 56 days, your application will

then be withdrawn. If you have a valid reason why you cannot decide within the permitted time, you should tell us as we may allow you more time to decide.

## 12. Getting a mortgage

Once you have decided to go ahead with your Preserved Right to Buy, you will need to get a mortgage. It is at this point that you should talk to a bank or building society.

Remember your home is at risk if you do not keep up repayments on a mortgage or other loans secured on it.

## 13. Completing the house purchase

If you are happy with our terms for selling your home to you, and you have arranged to raise the money to buy it, you are ready to go ahead and buy. You should tell us you are ready and ask your solicitor for advice on the legal documents and how to pay.

From the date of the offer notice, we will allow you three months to complete the purchase of your home. If you delay the sale we may issue you with a notice to complete the sale within 56 days or advise you of any disagreement with the terms of the sale.

If no further progress is made, a second 56 day notice will be served during which time the sale must be completed or your application will not be taken any further.

## 14. Delays in the sale

If we delay the sale by not sending you the acceptance form and your offer notice within the times mentioned above, or we delay the sale in some other way, you may be allowed a reduction in the purchase price.

To receive this you must complete the initial notice of delay (Form RTB6) giving us 28 days to issue a counter notice and resolve any delay. If the delay remains after this period, then you may serve an operative notice of delay (Form RTB8).

This allows any rent that you pay during this period of delay to be taken from the purchase price if you still go ahead and complete the sale.

Further information has been provided below in the form of frequently asked questions and answers.

## Frequently asked questions

### Can I include anyone else in my application?

You may be able to buy your home jointly with members of your family who have lived with you for the past 12 months or with someone who is a joint tenant with you.

### What if I have purchased before?

If you have purchased under the Right to Buy scheme

before, the amount of discount you got then will usually be deducted from your discount when you buy again.

### Can I resell my home after purchasing it under Right to Buy?

You may sell your home whenever you like.

However, if you sell within five years of buying, you will have to repay some or all of the discount you have received. If you sell:

- during the first year, all of the discount will have to be repaid,
- during the second year, four fifths must be repaid,
- during the third year, three fifths must be repaid,
- during the fourth year, two fifths must be repaid, and
- during the fifth year, one fifth must be repaid.

The repayment of discount will be a percentage of the market value of the property when it is resold within the first five years of purchase.

After five years you would not have to repay any discount if you sold your home, however, if you decide to sell it within 10 years of buying, and it is in an area of natural outstanding beauty, then you must first offer it back to your landlord. Your landlord would have to pay you the full market value.

### Once I apply to buy can I still access the free repairs service?

Only emergency repairs will be provided whilst your application is being processed and you will not be included in any improvement works planned for your area. If you complete the sale, you will be responsible for all repairs required to your property. If your application is withdrawn then you will be able to access our normal repairs service once you have received written notification from us.

### If I have carried out my own improvements will these be included in the Preserved Right to Buy valuation?

Any improvements you have made will not be included in our valuation.

## HOW TO APPLY

For free help and advice and full details of your Preserved Right to Buy, including an application pack and information booklet from the Department for Communities and Local Government, please phone the Customer Accounts Department on 01635 572220 or email them at: [customer.accounts@sovereign.org.uk](mailto:customer.accounts@sovereign.org.uk).

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