

Before you buy

**Important information for
customers thinking of buying their
home through the Preserved Right to
Buy scheme**



Buying the home you live in now

Your rights as a housing association tenant

As the tenant of a housing association, you may be legally entitled to buy your current home at a discount.

- If you were a tenant of Kerrier District council when they sold their homes to us on 23rd March 1998 and you have not changed landlords since, you may have something called the Right to Buy. You may also have a different right called the Right to Acquire.

This leaflet tells you about the Right to Buy scheme, together with some important facts that you need to consider before deciding to buy. Information on the Right to Acquire Scheme is also available on request.

How the Right to Buy schemes works

The Right to Buy scheme lets you buy your home at a discount.

The rules about how the scheme operates are set by law and not by us. This leaflet only gives a summary of the main rules, as they are quite complicated. There are different rules about:

- the amount of discount you get when you buy your home
- who can have the Right to Buy
- which homes can be bought
- how you can lose your Right to Buy

Some homes are excluded and you will not be able to buy your current home if you live in one of these, although you may be able to use your Right to Buy if you move house.

You cannot use the Right to Buy to buy a home under the Shared Ownership scheme.

Can I ever lose my Right to Buy?

If you have the Right to Buy, you will lose it if you change landlords.

Your Right to Buy can also be cancelled or suspended because of Anti-Social Behaviour.

If your tenancy is 'demoted' (changed from an assured tenancy to an assured shorthold tenancy because of Anti-Social Behaviour) you will not be able to buy your home using the Right to Buy and you cannot get back the Right to Buy once you have lost it.

Buying your home through the Right to Buy Scheme

What is the Right to Buy and who has it?

There are two types of Right to Buy. The 'ordinary' Right to Buy is a statutory right given to secure tenants of local authorities. If you had the Right to Buy as a tenant of Kerrier District Council at the time when your home was sold to us, you would have kept a version of that right, called the Preserved Right to Buy which has slightly different rules.

You do not have the 'ordinary' Right to Buy as the tenant of a housing association. When we talk about using your Right to Buy in this leaflet, we mean the Preserved Right to Buy.

You will have the Right to Buy only if

- you were a secure tenant of Kerrier District Council on 23rd March 1998 when the ownership of your home was transferred to Coastline Housing Ltd and you have not changed landlords since. You can have moved homes within our stock.

You do not have the Right to Buy if

- you have become an assured tenant of Coastline Housing Ltd since 23rd March 1998 (but you may still have the Right to Acquire)
- you have changed landlords since you first became a tenant of Coastline Housing Ltd, even if the home you live in now is owned by us (but you may still have the Right to Acquire)
- your tenancy agreement is not an Assured Tenancy for example, if you have an Assured Shorthold Tenancy because you live in temporary accommodation or because your tenancy has been 'demoted' because of Anti-Social Behaviour
- you lease your home on a long lease

You can only buy your home with the Right to Buy if both you and your home qualify under the rules

Which homes are excluded from the Right to Buy?

You cannot buy your current home with the Right to Buy if you live in

- Sheltered Housing (One of a group with a support service)
- a key worker property (let only in connection with employment)
- a home with special features that has been designed for physically disabled persons
- a home that is designated as being especially suitable for elderly persons
- a home that is due for demolition and a final demolition notice has been served

How much discount will I get if I have the Right to Buy?

The amount of discount you can get is based on how long you have been a public sector tenant and is worked out as a percentage of the value of your home increases in line with the consumer price index each year. Please check the governments dedicated Right to Buy website for the current maximum discount.

Example 1:

If your house has been valued £130,000 and you have lived there for 15 years then your discount would be 45% of the £130,000, which would be £58,500.

Example 2:

If your house was valued at £200,000 and you had lived there for 20 years then your discount would be calculated as 50% of £200,000, which would be £100,000. However, the maximum discount allowed is £96,010 so you would only get a discount of £96,010.

Your discount may be reduced by a special rule called the cost floor. This may apply if your home has been recently bought or built and it has had money spent on repairing or maintaining it. According to the cost floor rules, the discount you receive must not reduce the price you pay below what has been spent on the property.

*£96,010 is the maximum discount as of April 2023, please see the government website for the current maximum discount.

Applying to buy your home

How do I apply to buy my home?

If you are interested in buying your home, please contact us on 01209 200230 so that we can send you the forms that you need to fill in to start the process - we are happy to help you complete the forms. You can also collect the forms from our office.

You will not be able to use your Right to Buy while any of the following applies to you

- if you are an undischarged bankrupt
- if you have a bankruptcy petition pending against you
- if you have made a formal arrangement (a special type of legal agreement) with lenders to pay off a debt and you have not yet complied with the conditions of that agreement
- If you are subject to an un-discharged court order or notice seeking possession of the property

Although you can apply for the Right to Buy while you have rent arrears, we will not be able to complete the sale of your home until your rent account is clear. If you are having trouble paying your rent, you should think carefully about making a major financial commitment like buying your home.

How is the price of my home worked out?

We will send an independent valuer to value your home. The price you pay for your home will be the valuation price less the discount that you are entitled to under the Right to Buy scheme. If you disagree with the valuation, you have the right to appeal to the District Valuer.

When your home is valued the valuer has to exclude the value of any improvements which you have made to your home from the sale price. If a member of your family, or your former husband or wife, was the tenant of the property immediately before you, any improvements they made to the property will be ignored. You should make sure that you give us details of any improvements on your application form. For example, installing central heating, double glazing, a fitted kitchen or a new bathroom suite might mean that your home is worth more.

How long does it take?

Once you have sent the forms back to us, we will

- **Within 4 weeks** (or 8 weeks if we have to check your tenancy records with another landlord) send you a written notice telling you whether or not you can buy your home under the Right to Buy.
- **Within a further 8 weeks** (or 12 weeks if you are buying a flat) if your application has been accepted, we must instruct a valuer to value your property and send you an offer letter telling you how much you will have to pay for your home. The letter will also tell you about any service charges that you will have to pay as the new owner, and give you other important information about the home that you want to buy.

What will happen next

- We will contact you to discuss the different aspects of buying your home through the Right To Buy scheme. This is also an opportunity for you to ask any questions you may have. We are unable to give you financial or legal advice.
- You must reply to the offer letter in writing **within 12 weeks** to tell us if you want to buy your home we will ask you to provide your ID and proof of the funds you will be using for the purchase. If you do not reply within this time, we will send you a reminder and give you a further **4 weeks** to tell us if you wish to buy your home. If you still do not respond we will withdraw your application and notify you in writing.
- You are expected to complete the purchase of your home within **3 months** of receiving your offer letter. You will need to appoint a solicitor or someone qualified in conveyancing to act for you if you decide to buy your home.

Before deciding to buy, you need to plan how you are going to finance the purchase of your home - for example by arranging a mortgage. You also need to be sure that you will be able to afford all the expenses that you will have to meet as a homeowner.

If you have not completed the purchase of your home within 3 months of the offer letter, we will then

- Send you a reminder called a 'Notice to Complete' giving you a further **56 days**
- to complete your purchase.
- If your house purchase still hasn't been completed at the end of this time, we will send a second and final reminder notice giving you a **final 56 days** to complete.

If you have not completed your house purchase by the end of this final period, your application will be withdrawn and you must start the whole process again. We will not be able to pay for any legal fees or other expenses that you have incurred.

If you decide at any time that you do not wish to continue with the purchase, you must withdraw your application in writing. If you withdraw your application and then change your mind, you will need to make a new application and we will have to revalue your property. The valuation of your property is subject to change.

What can I do if there is any delay?

If we fail to send you any of the notices within the legal deadlines shown above you can serve a notice of delay on us using a special form. You should write to us asking for an explanation for the delay and a copy of the form. There is a specific procedure to follow.

What will I have to pay when I buy my home?

Buying your home is a major financial commitment so it is important that you take time to consider whether it is the right choice for you. There will be some costs that you will have to budget for on top of the purchase price and you will need to have savings to pay for them. For example:

If you decide to buy your home Stamp Duty Tax may be payable, you should factor this in when deciding whether to purchase your home.

Buying your home - examples of extra costs to budget for

Legal and other fees you might have to pay when you buy your home

Typical estimated costs

*Conveyancing/legal costs	These will vary and depend on which firm of solicitors you use. You might pay in the region of £1,000 - 1,800 (around £200 extra if there is a mortgage) for a £130,000 house.
*Land registry search of index map	£4
**Office copy and documents	£3 per document
**Mining search	£70
**Local authority search fee	£240
**Water & drainage search fee	£60
**Environmental search fee	£64
*Bankruptcy search fee	£2 per person
*Identity check	£10 per name
**Flood risk	£38
Electronic bank transfer fee	£40
Survey for mortgage company	Although we pay for the initial basic valuation some mortgage companies may request a full structural survey to be carried out that could cost £800 and upwards. These costs will vary so it pays to shop around.
Arrangement Fee for mortgage	Some mortgage lenders charge an arrangement fee for setting up the mortgage. This can cost up to 1% of the value of the property or can sometimes be free.

What regular payments will I have to make once I've bought my home?

If you do not pay for your home in full with cash then you will need a mortgage (i.e. a particular kind of loan for the sale amount plus interest) that you will usually pay by monthly installments over 25 years or more, but the period can be shorter.

As well as the cost of buying your home, you may also need to budget for other expenses. For example:

- As a home owner, on top of a mortgage you will have to make other regular payments, such as building and contents insurance and life assurance.

- As a home owner you will have to continue to pay council tax along with rates for water, sewerage, gas, electricity, refuse disposal and other utility services.
- As a home owner you will have to pay for the maintenance of your home and service charges.
- If you buy a house from us, you will also have to pay a service charge for any amenities in your area that we maintain and that you are entitled to use, whether you choose to use them or not.

Maintaining your home - examples of things you might have to pay for in future

What it might cost you to look after your own home

Typical estimated costs

Servicing a gas heating system (every year)	£80 to £120
Sweeping a chimney (every year)	£50 - £80
Replace a heating boiler (every 15 years)	£2,000 to £4,000
Replace a water tank (every 30 years)	£200 to £250
Lay a new floor covering	£300 per room
Insulating loft tanks and pipes	£250
Chimney pot repairs	£350
Replacing a roof	£6,000 - £25,000
Replacing a front door	£850 plus frame, plus fitting
Replacing a window	£700
Redecorating outside of a house, replacing fascias, soffits and pipes (including paying for scaffolding)	£2,000 to £3,000

Examples of service charges

Depending on the house or flat you buy, you may have to pay a service charge for your share of the cost of

- general estate maintenance and improvement
- shared services insurance management fees
- repairs and improvements to external walls, roofs, windows and doors (for flats only)
- cavity wall insulation and external cladding (for flats only)

- updating or improving drainage facilities (if your home is connected to a private sewage plant owned by us)
- maintaining, repairing and renewing of roads or footpaths that form part of any communal areas

We will give you an estimate of the service charge you will have to pay, for the next 5 years. We can not charge you more than what is stated on the service charge schedule for this 5 year period.

After this time we are not restricted by this schedule, however we will only charge you for any repairs, maintenance or renewing / upgrading that we actually do. We will notify or consult you about any repairs or improvements we mean to carry out before work starts.

What happens if I fall behind with my mortgage?

If you do not make your regular mortgage payments on time you run the risk of having your home repossessed. If you are a leaseholder, you may also lose your lease and risk repossession if the landlord's service charges are not paid or other terms of the lease are not kept to.

We do not have to give you another tenancy if you lose your home due to repossession.

What other costs and issues should I think about before buying?

Once you have applied for the Right to Buy we will **only** carry out emergency repairs or repairs that are essential for health and safety reasons.

We will not be able to carry out any major repairs or improvement works to your home while your application for the Right to Buy is in progress. This is because they will affect the value of the property and the discount we can give you. Any planned works of this sort can only continue once the sale is complete if you are buying a leasehold property, such as a flat (because you will pay for some works through your service charge as the new owner) or once your application has been withdrawn.

You should employ a solicitor or a licensed conveyancer to look after the legal side of buying your home. You will need professional legal advice if you decide to purchase your home once you have received your offer letter that tells you the value of the property. This document is not a substitute for professional legal advice.

Do I have to pay back my discount if I then sell my home?

If you buy your home you can sell it whenever you like. However, if you sell within the first 5 years of buying it from us you will have to repay some or all of the discount. If you sell your home for more than you bought it for within this time, you may have to repay a share of any profit as well.

How much will I have to repay?

If you sell your home within a year of buying it, you will have to pay back all of your discount. If you sell in the 2nd year, 4/5 of the discount must be repaid, in the 3rd year you repay 3/5, 2/5 in the 4th year and 1/5 in the 5th year.

As well as having to repay some or all of your discount if you sell your home within the first five years, you will also have to pay a percentage of the resale value of the property (excluding the value of any improvements).

For example, if your home was valued at £100,000 when you bought it and you received £50,000 discount, that means you received 50% discount.

If your house is later valued at £150,000, 50% of this price is £75,000. If you sell for that price you repay the following

- In the 1st year you repay £75,000 (5/5 of 50% of sale price)
- In the 2nd year you repay £60,000 (4/5 of 50% of sale price)
- In the 3rd year you repay £45,000 (3/5 of 50% of sale price)
- In the 4th year you repay £30,000 (2/5 of 50% of sale price)
- In the 5th year you repay £22,000 (1/5 of 50% of sale price)

Is someone trying to buy your home?

The Government is concerned that tenants are being approached by companies who are taking advantage of these schemes for their own financial gain. Sometimes these tenants are asked to pay a lot of money for things that landlords will do for nothing - for example, supply or assist with application forms.

Tenants can be paid money as part of a deal under which a company ends up owning the property. The company may charge higher rent than the council or housing association. The money the tenant receives may not be enough to prevent them from being homeless.

You should be suspicious of anyone trying to tell you that the Right to Buy or scheme is ending. They may be trying to persuade you to do something that benefits them rather than you. You may have to repay some or all your discount if you sell your property to one of these companies.

If you need advice on any aspect of the Right to Buy scheme, be sure to ask us before signing up to any deal.

Restrictions on re-selling your home

If you buy your home under the Right to Buy scheme, there may be special restrictions called 'covenants' put on the property when you buy it.

Some types of covenant may restrict who you can sell your property to.

If you live in certain areas ('Area of Natural Beauty', 'Designated Rural Area' or National Park') a covenant **will** be placed on your land which means that if you want to sell the property you must sell it to someone who has either

- Worked in Cornwall for at least the last 3 years; or
- Had their only or principle home in Cornwall for at least the last 3 years.

If your property is not located in one of these areas and you wish to sell your home within 10 years of having bought it from us, we have the right of first refusal. This means that before you can sell your home on the open market you have to offer it back to us or another registered provider in your area at full market value. After this 10 year period, you are allowed to put your home straight on the open market.

Your solicitor should tell you about any covenants or other matters affecting the home you are buying. You should ask him or her to explain them to you if you do not understand them fully.

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