



Purchasing a Property Policy

Directorate: Customer Services

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1. Introduction

This policy outlines how some Salix Homes tenants can purchase their home through the Right to Buy or the Right to Acquire. Tenants with Assured Tenancies with Protected Rights retain a preserved Right to Buy under the Housing Act 1985 and tenants with Assured Tenancies may have the Right to Acquire under the Housing Act 1996.

This policy is to provide clear and concise information in relation to purchasing a Salix Homes Property under the preserved Right to Buy or Right to Acquire scheme.

2. Aim / Purpose of the Policy

The aim of this policy is to ensure that Salix Homes adheres to the relevant legislation when dealing with tenants who are applying to purchase their home and reduces the risk of Tenancy Fraud for Right to Buy and Right to Acquire applications.

3. Policy

The Preserved Right to Buy

3.1 Salix Homes underwent a Stock Transfer from Salford Council on 23rd March 2015. Tenants that held a tenancy with Salford Council prior to the Stock Transfer retained the Right to Buy preserved under the new Assured (Protected Rights) Tenancy Agreement. Tenants holding an Assured (Protected Rights) tenancy can make a claim for the Right to Buy.

The Right to Acquire

3.2 Tenants holding both Assured and Assured (Protected Rights) tenancies can apply for the Right to Acquire.

The Eligibility for the Right to Buy

3.3 Salix Homes will apply exceptions set out in the Housing Act 1985 to Right to Buy applications.

Denied Right to Buy/Right to Acquire applications

3.4 Right to Buy and Right to Acquire applications can only be denied in accordance with the Housing Act 1985. The grounds for denying a Right to Buy/ Right to Acquire application are as follows:

- The applicant hasn't satisfied the qualifying period of 3 years holding a public sector tenancy.
- A final demolition notice was served upon the property before the date of the Right to Buy/ Right to Acquire application.
- The applicant for the Right to Buy/Right to Acquire does not occupy the property as their only or principal home.
- The applicant is subject to an order of the court for possession (of the property).
- Salix Homes has applied for and received a suspension order in accordance with Section 121(a) of the Housing Act 1985.

- The property type is classed under the exceptions, for example, sheltered accommodation.
- The applicant has problems with debt as defined by the Housing Act 1985, 121 (2).

Right to buy discount

- 3.5 Right to Buy discount is calculated based on the number of years that an applicant has held a public sector tenancy. Salix Homes will verify the years that the applicant has held a tenancy with Salix Homes.
- 3.6 In cases where the applicant is claiming years from a landlord other than Salix Homes, Salix Homes will assist applicants to prove tenancy years and approach other public sector landlords for proof of former tenancy years. However, the onus for providing proof of former tenancy years rests with the applicant.
- 3.7 Salix Homes will calculate discount based on the discount levels defined by the Housing Act 1985, Section 129. A discount calculator is available on <https://righttobuy.gov.uk/right-to-buy-calculator/>.

Right to Acquire discount

- 3.8 Right to Acquire discount is a fixed discount that depends on the locality of the property; the current discount for properties in Salford is £9,000.

The Cost Floor

- 3.9 Salix Homes will apply the cost floor rule to all Right to Buy and Right to Acquire applications as outlined in the Housing Act 1985, Section 131.

Valuation of the property

- 3.10 Once Salix Homes has admitted a Right to Buy or Right to Acquire application we will respond to the applicant in writing to confirm eligibility. At this stage Salix Homes will admit the application to our valuers who will arrange for the property to be valued and make the offer to sell.
- 3.11 If the applicant disputes the value of the property, they can ask that the property is valued by the district Valuer. Our valuers are responsible for handing disputed valuations.

The conveyancing process

- 3.12 Once an applicant has accepted the offer made on Salix Homes' behalf by our valuers, our solicitors will handle the conveyancing process (the legal sale of the property). Salix Homes will not complete on a Right to Buy or Right to Acquire sale until all monies owed to Salix are paid.

Leasehold applications

3.13 For applications made for a leasehold property the applicant will be offered a meeting with our leasehold team to discuss the terms of holding a lease with Salix Homes.

Repairs during the Right to Buy or Right to Acquire Process

3.14 Once an application has been made for the Right to Buy or the Right to Acquire, Salix Homes will only conduct emergency or health and safety repairs to the property. If an application is denied or cancelled this restriction will be lifted.

Cancellation of the Right to Buy or Right to Acquire

3.15 Applicants can cancel their application at any point in the process, providing that it is done so in writing. There are no time restrictions on a tenant submitting a further application for the Right to Buy.

Money Laundering Regulations

3.16 Salix Homes will conduct money laundering checks on all Right to Buy and Right to Acquire applications in line with our Anti-Money Laundering Policy.

Right to Buy and Right to Acquire Fraud

3.17 Salix Homes requires all applicants to fill out The Right to Buy/Acquire Additional Form to identify any cases of housing fraud. Salix Homes will deal with Right to Buy and Right to Acquire fraud under the Tenancy Fraud Policy. All instances of suspected and proven Right to Buy and Right to Acquire Fraud will be reported.

3.18 Salix Homes will conduct additional checks for Right to Buy and Right to Acquire applications with Salford City Council.

Selling the property

3.19 Any property sold through the Right to Buy/ Right to Acquire has to be offered back to the landlord who sold the property before the property can be sold on the open market, within 10 years of the original sale.

3.20 For sales before the stock transfer the following rules apply:

- Leasehold properties: the initial offer should be made to the current immediate landlord (usually Salix Homes).
- Freehold properties: the initial offer should be made to Salford Council, who may seek expressions of interest from Salix Homes for the purchase of the property.

3.21 Any former tenants who have exercised the Right to Buy/Right to Acquire and wish to sell their property within the first 5 years following purchase, will have to pay back a percentage of the discount awarded as follows:

- Year 1 – 100% of the discount
- Year 2 – 80% of the discount
- Year 3 – 60% of the discount
- Year 4 – 40% of the discount
- Year 5 – 20% of the discount

3.22 For Right to Buy the discount paid back will be a percentage, proportionate to the value of the property at the time it is sold.

3 Service Standards & Performance Measures

Monitoring applications for the Right to Buy and the Right to Acquire

100% of applications claiming only current tenancy years will be admitted within 4 weeks.

100% of applications claiming former tenancy years will be processed within 8 weeks.

4 Risks

Risk 1: Failure to prevent fraudulent applications

Responsibility: Tenancy Specialist

Risk Mitigation:

- Use of the Right to Buy/Right to Acquire Additional Form to identify any fraud concerns.
- Early escalation of fraud concerns by the Administration Officer.
- Sign off by the Tenancy Specialist to identify any undetected fraud concerns.
- Tenancy Fraud training for officers dealing with the Right to Buy/Right to Acquire

Risk 2: Receiving funds from the proceeds of crime (Money Laundering)

Responsibility: Conveyancing Solicitors, Tenancy Specialist and Finance Team

Risk Mitigation:

- Secondary checks for cash purchases by the Tenancy Specialist Team.
- Transactions monitored within the finance department.

Risk 3: Not complying with our obligations as a social landlord for the Right to Buy/Right to Acquire process resulting in claim for compensation due to intentional delay

Responsibility: Tenancy Specialist

Risk Mitigation:

- Sign off by Tenancy Specialist to monitor that correct timescales have been met.
- Training for officers dealing with the Right to Buy/Right to Acquire in relation to statutory timescales.

5 Related Procedures & Documents

Purchasing a Property Procedure
Tenancy Fraud Procedure
Anti-Money Laundering Policy
Anti-Social Behaviour Policy
Income Collection Procedure

6 Responsibilities

Tenancy Specialist – has the responsibility for ensuring the policy and procedure is reviewed in a timely manner, that it reflects current law, guidance and good practice and that it is implemented appropriately.

Leasehold Manager – has the responsibility for ensuring that applicants purchasing a leasehold property have the opportunity to discuss the terms of holding a lease.

7 Related Legislation

Housing Act 1985
Housing Act 1996
Housing Act 2004
Proceeds of Crime Act 2002
Prevention of Social Housing Fraud Act 2013
Data Protection Act 1998