



CITYWEST HOMES

Right to Buy Information for Tenants

Please read this document carefully. It contains information on a number of important items listed in the 'Contents' table below.

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1. Who has the Right to Buy?

You will usually have the right to buy your home provided that you meet the following conditions:

- Your tenancy is secure
- You have spent sufficient time as a public sector tenant
- The property is your only or principal home.

Public sector tenancy includes any time spent as a tenant of a public sector landlord such as the City Council or other local authority, Housing Associations, and certain other public bodies.

If your secure tenancy started before 18 January 2005 you must have been a public sector tenant for at least two years.

If your secure tenancy started on or after 18 January 2005 you must have been a public sector tenant for at least five years.

If your secure tenancy started on or after 18 January 2005, but immediately before that date you had been a public sector tenant, for example on an introductory tenancy, you would need two years public sector tenancy.

2. Under what circumstances can I lose the Right to Buy?

You will lose the Right to Buy if your tenancy ceases to be secure. This happens under the following circumstances:

- If you stop living in the property as your only or principal home
- If you sub-let the whole of your home
- If you are ordered by the Court to give up possession of your home
- If you do not comply with the terms of an order made by the Court
- You become bankrupt
- The City Council obtains a suspension order
- Your tenancy becomes demoted as a result of action taken against you in respect of anti-social behaviour.

3. Exceptions to the Right to Buy

You cannot exercise the Right to Buy under the following circumstances:

- If the City Council is a leaseholder of the property and its lease is less than 50 years in the case of a flat and 21 years in the case of a house
- If the property was let in connection with a contract of employment and if the property is within the boundaries of non-housing premises (e.g. a school)
- If your home is sheltered housing for the elderly
- If your home is deemed to be *particularly suitable for occupation by the elderly*
- If your home is part of a group of properties that is deemed to be:
 - *Particularly suitable for people who are physically disabled or*
 - *Particularly suitable for people suffering from mental disorder*
- If the City Council intends to demolish your home and serves a final demolition notice. If it serves an initial demolition notice, the City Council is not obliged to complete the sale of your home, although you can make an application for right to buy and the sale can complete if the demolition does not actually take place.

4. How do I claim the Right to Buy?

If you wish to apply for the right to buy your home you will need to submit an application form. This form is called **Form RTB 1** (notice claiming the right to buy) and you can obtain it from CityWest Homes, your Estate Office or One-Stop office.

The City Council also asks you to fill in an 'additional information form', which contains questions relating to your ethnicity. It is important that you provide this information as it enables the City Council to carry out monitoring to ensure that there is equality in the delivery of services and tailor our services to your needs.

If you are joint tenants you have the right to apply jointly, and can still do so even if one of the joint tenants is not living at the property as their only or principal home.

If you are joint tenants you also have the right to agree that one of you can apply in sole name (the other joint tenant who does not wish to apply must still complete the application form in order to give their agreement).

You have the right to share the right to buy with members of your family. A member of your family includes your son (s), daughter (s), and your husband or wife, or a person with whom you 'live together as husband or wife'.

The member(s) of your family must live at the property as their only or principal home, and apart from your husband or wife, must have been doing so for the previous twelve months. In some cases the City Council may agree to a shorter period.

It is very important that if you wish to share the right to buy with a member(s) of your family they must be included in the application form (Form RTB 1) when you make the application. They cannot be added later.

When you have made your application the City Council will reply to you with a formal written notice (Form RTB 2) to admit or deny your right to buy. If the right to buy is denied the reason(s) will be given in writing.

When the right to buy has been admitted the City Council will continue dealing with your application and will instruct a Valuer to value your home. The valuation is the open market value of your home at the date you make your application.

The price that you will be asked to pay for your home will be stated in a formal offer notice (Section 125 Notice) that the City Council will send to you.

The price is calculated by deducting the discount from the valuation.

The length of your public sector tenancy initially determines your discount. However, it is subject to a maximum prescribed by the Secretary of State. In the London area the maximum discount currently allowable is £16,000.

In some cases discount may be restricted by the total costs incurred by the City Council in acquiring and/or repairing/improving your home. This is called the *Cost Floor*.

Where your home is a flat or maisonette, the offer notice will include a schedule of works (repairs and improvements) that may be carried out to the building in the initial period (approximately five years) after you have purchased your home, along with estimated costs that you could be charged. The valuation takes into account these expected works and charges.

The valuation also disregards the value of any improvements that you have carried out to your home and assumes a reasonable standard of internal decorations in accordance with the terms of your tenancy.

The valuation is determined by the City Council. If you disagree with the valuation you have the right to ask for a determination of value by the District Valuer and you would be able to give your reasons directly to the District Valuer. The decision of the District Valuer is final.

If you decide to proceed with the purchase of your home, you must complete the purchase within the time allowed by the right to buy regulations.

The City Council can serve a notice to complete three months after your right to buy offer has been served (or three months after the notice following the determination of value by the District Valuer). This notice lasts for fifty-six days, and if you have not completed within this period a further and final fifty-six day notice is served.

If the final notice to complete expires your application will be deemed withdrawn and you will need to reapply if you wish to exercise the Right to Buy.

If you think the City Council is causing delay in dealing with your application you have the right to serve an initial notice of delay on the City Council. In the notice you must specify why you think the City Council is causing delay and state a period, which must not be less than one month, within which the City Council must respond.

If the City Council does not respond within the required time you have the right to serve an operative notice of delay. Following this, rent paid during the delay period will have the effect of reducing the purchase price should you go on to complete the purchase of your home.

Please note that, prior to actual completion, at no time during your application are you under any obligation, and you can withdraw at any time.

5. Initial costs likely to be incurred by a secure tenant in exercising the Right to Buy

If you exercise the Right to Buy, you will incur various costs before you complete the purchase of your home and on completion.

The following additional costs are likely to apply:

- Solicitors fees (for the conveyancing)
- Land Registry fees
- Fees for local searches
- Stamp Duty

Stamp Duty is a considerable additional expense and is payable when you buy a property which costs more than £120,000. It is a tax and is payable at 1% of the purchase price (not the valuation) for properties that cost between £120,000 and

£250,000. For example, if you are paying £160,000 for your home, you will pay stamp duty of £1,600.

This rises to 3% on properties costing between £250,000 and £500,000. If your purchase price is over £500,000 you will pay 4% of the purchase price.

However, there are some wards where you do not have to pay stamp duty if your purchase price is £150,000 or less. At present the relevant wards are: Queens Park, Church Street, Westbourne Park and Harrow Road, but this may change in future.

There are also costs associated with arranging a mortgage, namely:

- Mortgage arrangement fees
- Valuation & survey fees

There are currently three types of survey available:

- Mortgage Valuation (basic)
- Homebuyer Survey & Valuation
- Building Survey (recommended)

The best way to reach an informed decision on such an important investment as a home is to have a professional survey carried out. Although this may prove more costly, both the Consumers' Association *Which?* Magazine and the Council of Mortgage Lenders advise that you arrange a survey by your own independent Surveyor.

When looking for a solicitor, surveyor or a mortgage, it is always advisable to shop around and obtain independent financial advice.

6. Costs associated with owning your own home

As the owner of a property you are likely to have to make regular payments associated with owning your own home. These will include the following:

- **Mortgage Repayments**

Unless you purchase your home with cash you will normally need to take out a mortgage (or legal charge) to buy the property. A mortgage is a long-term loan to buy property and there are various kinds of mortgage that your Bank or Building Society will be able to tell you about. An independent financial adviser may also be able to help you.

Typically the amount that you borrow is repaid by instalments, plus interest, usually monthly, over a number of years. This is often a 25-year period but could be a different number of years depending on your circumstances.

- **Building insurance**

Building insurance is required to cover the cost of rebuilding your home in the event of damage caused by certain unexpected events such as a fire. If you are buying a leasehold flat or maisonette the City Council will insure the property and you will pay your contribution towards the cost with your service charges. If you buy a freehold house you will need to take out building insurance yourself.

- **Life Assurance**

If you have dependants you should consider taking out life assurance. This would entail making monthly premium payments. If you should die before the end of the mortgage term the mortgage would be paid off and you would not leave your family with the mortgage debt.

- **Mortgage Payment Protection Insurance**

You may also decide to take out mortgage payment protection insurance. This again would normally mean you paying a monthly premium. Should you become unemployed or unable to work through illness your mortgage repayments would be met for an agreed maximum period.

- **Contents Insurance**

It is recommended that you take out contents insurance to cover your personal belongings against accidental loss or damage. You will normally pay a monthly premium for this insurance.

- **Utilities & Council Tax**

You will currently be paying for water charges within your rent. However, if you buy your home you will have to pay for them directly to the water company.

You will also have to continue to make your council tax payments and payments for the gas and electricity supply and any other utility service that you receive.

You should take into account all the above costs when considering whether or not you can afford to purchase your home.

7. The importance of making regular mortgage payments

As referred to above, you are likely to have to take out a mortgage to purchase your own home.

It is very important that you make regular mortgage repayments as if you fall behind you risk losing your home.

If you are unable to keep up your mortgage repayments, you should speak to your lender as soon as possible and should not wait until you are months in arrears. Lenders may be able to tell you where to get help.

If you lost your income through unemployment and as a result your property was repossessed, you would not normally receive Income Support for the first nine months. The Income Support you would be entitled to claim would only be for the mortgage interest payments, and may not cover the total monthly repayments.

In addition, the Council does not have to give you another tenancy if you lose your home in this way.

8. Costs associated with keeping your property in good repair

If your home is a house and you buy the freehold, you would be responsible for keeping your property in a good state of repair. This is likely to include ongoing maintenance and from time to time major repairs, such as replacing the roof. You should be prepared and budget for such occurrences.

If you are buying a leasehold flat or maisonette, your landlord will remain responsible for the maintenance of the structure of the building and any common parts: you will be responsible for the internal parts of your property.

Your share of the Landlord's costs is known as a **service charge**. Service charges can vary considerably but, particularly for flats in high-rise blocks, can be very high and you must budget for them.

If you decide to buy, your landlord must give you an estimate of any service charges that you are likely to have to pay. The estimate will be in two parts – **day-to-day service charges** and **major works charges**. Please read this information carefully and obtain any advice that you need.

Day-to-day service charges cover the ongoing costs of managing and maintaining your block and estate. Typically these may include the following:

- Day-to-day repairs to the structure and common parts
- Management
- Communal Grounds Maintenance
- Communal Cleaning/Caretaking
- Communal Electricity
- Lift Costs
- Concierge Costs
- Buildings Insurance

Day-to-day service charges do change, even during the first five years of a lease.

Major works charges are your contribution towards the landlord's cost in carrying out any major repairs or improvements to the block and/or estate. These could include repairs to or replacement of the roof, windows, lifts, staircase or external painting and could potentially run to tens of thousands of pounds.

Once he has given you an estimate for major works, the landlord is limited to charging you no more than the estimated sums during the initial period of the lease (approximately the first five years), except to take account of inflation. However, there is no special limit on charges for repairs carried out after the first five years. As stated earlier, bills for major works can be very large but there are schemes to help you with payments and your landlord will provide details of these at the appropriate times.

Some Freeholders may also have to pay estate costs for the repair and maintenance of shared communal areas on an estate such as pathways, play areas and gardens.

9. Repayment of discount

If you decide to sell your property within 5 years of completing your purchase under the Right to Buy you must pay back some or all of the discount that you received on the original purchase price.

The amount of discount that you must pay back is based on the resale value of the property. If you received a 10% discount on your original purchase, you would be required to pay back:

- 10% of the resale value if you sold in the first year
- 8% of the resale value if you sold in the second year
- 6% of the resale value if you sold in the third year
- 4% of the resale value if you sold in the fourth year
- 2% of the resale value if you sold in the fifth year

After 5 years you would not have to pay back any of the discount. In exceptional cases your landlord may waive the requirement to repay discount.

10. Companies and individuals offering help - a warning

There are private companies and individuals who offer to help tenants to buy their homes. However, you may not get good advice from them and could end up becoming homeless.

Please note:

Sometimes, you are asked to pay for things that you can get for free. For example:

- We will provide an application form and help you fill it in.
- We will explain how the sales process works and answer your questions.
- We will give you information about how to find a solicitor.
- Banks and building societies offer free mortgage advice.

We are here to help you and our advice costs nothing.

Companies and individuals offering money

Sometimes companies or individuals offer tenants money if the tenants agree to a deal where the company ends up owning the property. If you enter into this type of agreement:

- Before you buy your property, you will have to repay discount as soon as you buy it.
- After you buy your property, you will have to repay discount as soon as you make the agreement.
- The money you make is unlikely to be enough to buy another home, and the Council will not give you another property to rent.

Please think very carefully before using one of these companies or individuals. Ask yourself 'what is in it for them?'. They may be suggesting that you do something that benefits them, not you. Do not sign anything that you are not entirely clear about or happy with.

Some tenants have become homeless after agreeing to deals like this. It is very important that you get independent legal advice from your own solicitor or the Citizens Advice Bureau, before you do anything.

11. Landlords' Right of first refusal

If you apply on or after 18 January 2005 and complete your purchase on or after 10 August 2005, **for the first 10 years after your purchase** your landlord has the **right of first refusal** if you wish to sell the property on the open market.

This means that you must first offer the property back to your landlord before you are permitted to sell to a third party. Your landlord also has the Right to appeal to the District Valuer if he feels that the offer price is too high. The District Valuers decision in such matters is final.

12. Other Home Ownership Schemes available through CityWest Homes

If you do not think that the Right to Buy is suitable for you or you are not currently eligible, a number of other Home Ownership Schemes are also available from your landlord. These are:

1. The Discretionary Right to Buy Scheme (for secure tenants that do not have the full qualification period)
2. Flexible Ownership Scheme (part rent, part buy)
3. Home Ownership Register (for shared ownership schemes in the borough)
4. Assisted Purchase Scheme (if you are interested in buying a different property to the one you are living in)

For information on the Right to Buy Scheme or any of the other schemes listed above, please contact CityWest Homes in one of the following ways:

By Telephone: please ring (020) 7245 2208.

By Fax: our fax number is (020) 7245 2100.

By Post: please write to:

Lessee Services
21 Grosvenor Place,
London SW1X 7EA.

By Text Message: 07781 472833

By E-mail: please use lesseefrontline@cwh.org.uk.

By Minicom: (For deaf and hearing-impaired): please call (020) 7245 2063.

CityWest Homes Website: www.cwh.org.uk

Free advice on housing matters is also available from your local Citizens Advice Bureau or also locally from CHAS Central London, 209 Marylebone Road, London NW1 5QT, fax (020) 7723 5943, E-mail advice@chasnational.org.uk.