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**PA** Housing

# Voluntary Right to Buy

## Frequently asked questions

Home ownership plays a vital role in social mobility, and the Government is committed to helping as many people as possible to realise their aspirations to own their own home. Social housing already helps many people to get on in life, by providing customers with a safe, secure home as a foundation for work and education. But by giving customers who aspire to own their own homes the opportunity to do so, we can provide them with greater financial security, and the support the need to build a long-term future for themselves and their families.

### **What is Voluntary Right to Buy?**

The Government committed at the General Election to extend the Right to Buy to housing association customers. Housing associations offered to voluntarily work with the Government to make this a reality.

Since then, the National Housing Federation has been working with the government to agree how this offer will work in practice.

A small scale initial pilot with five housing associations ran successfully in 2016/17, (L&Q, Sovereign, Riverside, Thames Valley & Saffron). Learning was taken from that pilot to develop guidance on how the wider policy will operate, which will be tested with a further, larger scale pilot scheme in the Midlands, with a view to a wider rollout across the country.

### **Why is it called Voluntary?**

The voluntary aspect of the scheme is in relation to the participation of housing associations. It has been left up to each individual housing association whether they wish to take part in the scheme.

### **Why is PA Housing taking part?**

PA Housing is extremely happy to be taking part in this secondary pilot which will give thousands more housing association customers the opportunity to buy their homes at Right to Buy level discounts. Working in partnership with the sector, and taking the time that's needed to design a policy that really delivers for everyone, PA Housing will be able to shape the blueprint for Government best practice.

PA Housing has developed a policy that not only fits the needs of customers who aspire to own their own homes, but which will also significantly boost the supply of new affordable housing. We are committed to ensuring that every home sold is replaced on a one-for-one basis nationally, enhancing our proven track record in delivering new affordable housing.

PA Housing has over 6,000 properties in the pilot area and hope to showcase that we are collaborative, innovative and open-minded to explore new possibilities within the sector.

### **Which other housing associations are taking part?**

PA Housing is unable to confirm which other housing associations are taking part, as it will be up to each association to announce their involvement in their own time.

PA Housing will be working with the National Housing Federation to help deliver a centralised communication strategy and a full list of housing associations participating in the pilot will be published in due course.



## When will the Midlands pilot of Voluntary Right to Buy start?

PA Housing is still awaiting confirmation of the official launch date from The Ministry of Housing, Communities and Local Government but is expected that the £200 million pilot will be no earlier than 22 July but no later than the end of August 2018.

The Voluntary Right to Buy team is in place. Any customer who would like to find out if they could be eligible may contact this team.

### The VRTB team can be contacted via:

 [www.pahousing.co.uk/vrtb](http://www.pahousing.co.uk/vrtb)

 [vrtb@pahousing.co.uk](mailto:vrtb@pahousing.co.uk)

 0116 204 4034

## Why is there another pilot?

The new pilot will test two important factors of the scheme which weren't tested in the original pilot. These are:

- ◁ one-for-one replacement; PA Housing will ensure that we replace every home sold with a new property through our development programme
- ◁ portability; in the event that a customer cannot purchase their current home (as per our local exclusions policy), they will be given the opportunity to port their discount to another property, either within or outside of the pilot area.

## Why is this pilot taking place in the Midlands?

The Midlands has been chosen following discussions with the National Housing Federation to identify the most effective location for the pilot. The Midlands represent a large area with diverse conditions, large and small housing associations, urban, suburban and rural areas. There is a need to know how the scheme will work in all of these situations.

## Will Voluntary Right to Buy lead to the loss of social/affordable housing?

A key part of housing associations' agreement with the government is that they will receive full compensation for each home they sell. This in turn will be used to replace every home sold with another affordable home to continue boosting the nation's housing supply. Last year, housing associations delivered 40% of all new homes in the country and PA Housing was the 7th biggest provider of new homes.

## Will the replacement homes be the same tenure as those sold?

PA Housing will be able to replace affordable homes flexibly in a way that reflects what each community needs.

The replacement homes will be from the following tenure types:

- ◁ social and affordable rent
- ◁ shared ownership and other part rent/part buy models.



## Where will the Midlands pilot be?

The areas included in the pilot and where PA Housing hold stock are as follows:

### East Midlands:

◁ Nottingham UA, Rutland UA, Bolsover, Chesterfield, Leicestershire, Blaby, Charnwood, Harborough, Hinckley & Bosworth, Oadby & Wigston, Northamptonshire, Corby, Daventry, Kettering, Wellingborough, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood and Rutcliffe.

### West Midlands:

◁ North Warwickshire, Nuneaton & Bedworth, Rugby and Coventry.

## What if I am a customer who isn't in the region of the new pilot but I wish to buy my home?

The government remains committed to ensuring housing association customers have the opportunity to own their homes. The Midlands pilot will test key aspects of Voluntary Right to Buy and provide crucial information ahead of the national rollout of the programme. More details of a national programme may be announced in due course. PA Housing is capturing the details of all customers who would like to be kept up to date with a national rollout. Please contact [vrtb@pahousing.co.uk](mailto:vrtb@pahousing.co.uk) if you would like to be added to this list.

## How long will the new pilot last?

The government has made £200 million available to fund the Midlands pilot, which will run for two years from summer 2018. Due to the finite nature of the funding, the number of sales which will be able to proceed will be limited, and not all customers who apply on the government's website will obtain a Unique Reference Number (URN).

## Am I eligible?

### PA Housing customers may be eligible to apply for Voluntary Right to Buy if:

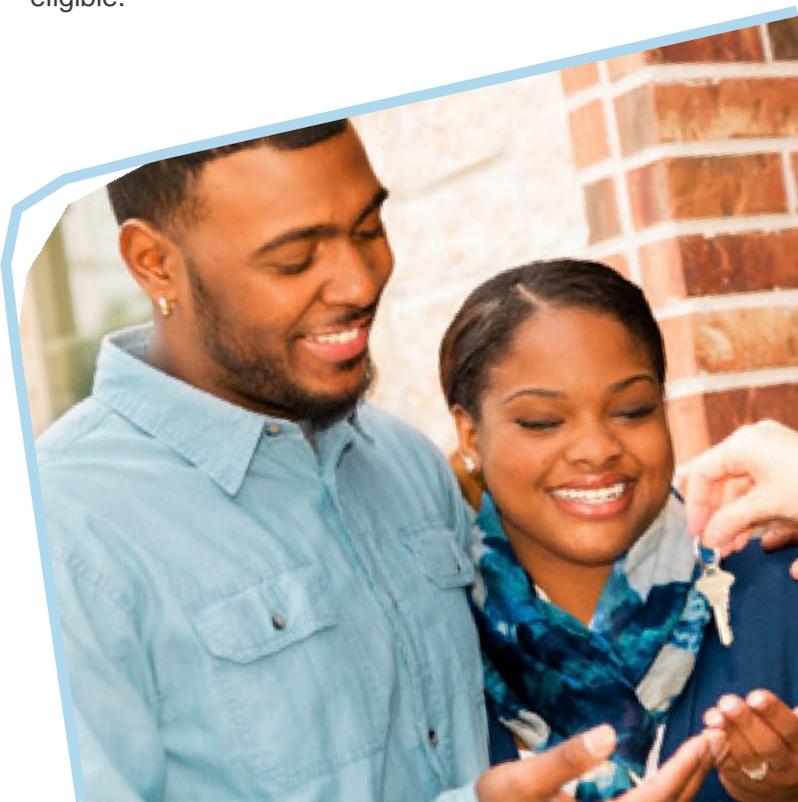
◁ you currently hold an un-demoted secure tenancy, an assured tenancy, or a Localism Act fixed term tenancy

- ◁ you can prove you have been a customer of social housing for at least 3 years (this need not have been with the same landlord, or continuous)
- ◁ It is your main home and you have lived there for 12 months or more
- ◁ if you would like to add family members to the application (up to 3), they can also demonstrate it is their main home and have lived there for 12 months or more.

### Customers may not be eligible if:

- ◁ you have the Preserved Right to Buy or Statutory Right to Buy
- ◁ you have rent arrears
- ◁ you are bankrupt
- ◁ your tenancy has been demoted by order of a court
- ◁ you (or a family member living in the property) are subject to legal proceedings, for example an injunction or a notice of seeking possession
- ◁ you are subject to an internal PA Housing investigation
- ◁ you have breached their tenancy, eg subletting
- ◁ you have committed anti-social behaviour
- ◁ you are a resident of an alms-house or you occupy only a room in a shared house or flat
- ◁ you already own a property.

Please note that this is not exhaustive an exhaustive list, so please register your interest to be given confirmation that you could be eligible.



## Who can make an application?

Any customer that has lived in the property for at least three years can purchase the property, as long as this is agreed and confirmed legally with all other residents.

## If I'm eligible, will I be able to buy the home I'm living in now?

Customers who meet the government's eligibility criteria will be entitled to a Voluntary Right to Buy discount and, in most cases, we expect that customers will be able to use their discount to buy the home that they live in subject to government funding still being available.

However, there may be cases where PA Housing cannot sell that particular home. PA Housing will publish its individual policy outlining which homes are excluded from sale and the reasons why nearer the date of the scheme launch.

## Which homes won't PA Housing sell?

Please note that supported and sheltered housing properties (where the accommodation is not suitable for independent living) are not included in the Voluntary Right to Buy pilot as per the statutory Right to Buy scheme.

PA Housing is currently working with all of the local authorities in the pilot area to take into account properties which play a vital role in the housing of residents and will then put together a full exclusions policy. Properties likely to be excluded from the pilot will include:

- ◁ properties where planning and legal constraints have been imposed at the time of acquisition, including non-negotiable section 106 agreements

- ◁ properties in very small rural communities where local authority stakeholders have placed restrictive covenants on the homes
- ◁ properties identified as part of a localised policy that have a large demand for social housing and are not easily replaceable due to planning restrictions
- ◁ properties not suitable for sale for asset management and redevelopment reasons, for example impending demolition, regeneration, change of use or disposal
- ◁ tied accommodation occupied because the customer is employed by a social landlord
- ◁ properties where following a financial appraisal the proceeds of sale will be below the net debt figure, or affected by the cost floor. (Further explanation of this can be found in our exclusion policy).

Please note this list is not exhaustive; please contact the VRTB team to obtain confirmation of whether your home will be included.

Any customer who is not able to buy their current home due to our exclusion policy will be given a written explanation and supported in the option to port their discount to another property.



## Can I buy a different home?

Where we are unable to sell a customer's existing home, we will work with them to identify possible alternatives where they may be able to port your discount.

Please note that you will not be able to port your discount if your current property is able to be sold.

## How is the discount calculated?

The discounts available to customers will start at 35% for just three years of tenancy.

**Houses** – customers will get a 35% discount if they've been a public sector tenant for three years. The discount remains at 35% until they have five years public sector tenancy. After year five, the discount goes up by 1% for every extra year, up to a maximum of 70% or £80,900 (whichever is lower).

**Flats** – customers will get a 50% discount if they've been a public sector tenant for three years. The discount remains at 50% until they have five years public sector tenancy. After year five, the discount goes up by 2% for every extra year, up to a maximum of 70% or £80,900 (whichever is lower).

Examples of the discount being calculated:

### Mrs Jones:

- ◁ Lives in a two bedroom flat in Dudley
- ◁ The flat is valued at £110,000
- ◁ She has a total of 25 years tenancy
- ◁ She is eligible for 70% discount, which would equate to £77,000 discount
- ◁ She would pay just £33,000 for the home

### Mr Smith:

- ◁ Lives in a 3 bedroom house in Shropshire
- ◁ It is valued at £310,000
- ◁ He has a total of 15 years tenancy
- ◁ He is eligible for 45% discount which would have equated to £139,500, but the financial cap means that he would receive a total of £80,900 discount
- ◁ He would therefore pay £229,100 for the home

## How can I register my interest?

PA Housing has a dedicated page on its website. You can visit this page and complete a registration form, which will contact the Voluntary Right to Buy team so they can start to make initial enquiries on your eligibility. The pages contain a full list of local authorities covered by the pilot and an explanation of the scheme.

 [www.pahousing.co.uk/vrtb](http://www.pahousing.co.uk/vrtb)

 [vrtb@pahousing.co.uk](mailto:vrtb@pahousing.co.uk)



## Can I sell or rent out my home after buying it through Voluntary Right to Buy?

You may sell or rent out your home whenever you like, however if you do this within the first five years of ownership you will be required to pay back some or all of the discount you received, based on a sliding scale.

If you decide to sell within 10 years of ownership, you will have to give PA Housing the right of first refusal to purchase the property back.

## Will I have to pay a service charge?

As a homeowner, you are still liable for a service charge on most schemes. The charge may differ to what you currently pay as a customer and so may the calculation method. Charges that homeowners incur which customers do not include management fees, buildings insurance and reserve fund contributions. Not all of this will be relevant to each property and these will be discussed with you at the point of purchasing.

Customers who pay a fixed service charge will move to a variable charge.

## If I currently own my home through Shared Ownership, am I eligible for a discount?

If you are a shared owner, you are not eligible for Voluntary Right to Buy, but you can talk to our Sales and Services Team about buying further shares in your home

You can get in touch via phone or email:

✉ [vrtb@pahousing.co.uk](mailto:vrtb@pahousing.co.uk)

☎ 0116 204 4034

## Do you charge an administration fee?

All housing associations will ask customers to pay a £250 administration fee when they complete their application. PA Housing cannot process the application and instruct a valuation of your home until this fee has been received. When you complete on your purchase, PA Housing will refund the fee to you. However, if you withdraw from the application you will not be eligible for a refund. If the sale of your home is declined by PA Housing (if we are unable to sell) then you will receive a full refund of any administration fee paid.

## How much stamp duty will I pay?

The stamp duty you pay will be calculated on the discounted price of your property. For example if your home is worth £200,000 but you have a discount of 50% then you will be liable for stamp duty on £100,000. If you are a first time buyer then this will likely mean that there will be no cost, but exact costs can be found at:

🌐 [www.gov.uk/stamp-duty-land-tax](http://www.gov.uk/stamp-duty-land-tax)

## What other costs are involved in Voluntary Right to Buy?

If you are considering becoming a homeowner through VRTB, we would like to highlight the fact there may be some extra costs during your purchase. In addition to the £250 administration fee you will need to consider the cost of legal fees for conveyancing solicitors, mortgage fees, stamp duty and disabled facilities grant repayment. You will also have ongoing costs such as mortgage payments, service charge payments, buildings insurance, and will be responsible for some or all of the maintenance of the property after completion.

PA Housing will publish a full guide to the cost of Home Ownership prior to the launch of the scheme.



## What about insurance?

### Buildings insurance

If you're a leaseholder under the terms of your lease, PA Housing is responsible for insuring the building. Specific arrangements about the insurance are detailed in your lease.

As a leaseholder, you have the right to:

- ◁ request a copy of the buildings insurance policy and a summary of cover, which is available on request
- ◁ ask for proof that we have paid the insurance premium.

Buildings insurance is paid as part of your monthly service charge in accordance with the provision in your lease.

Buildings insurance covers major claims such as damage to the building caused by fire, flood, storm, wind, vandalism or structural failure. It does not cover damage to walls or fences, or the contents of your home.

You're responsible for insuring the contents of your home against fire, flood, storm, theft and accidental damage.

If you're the freeholder of a house or bungalow it will be your responsibility to insure the building you own.

### Contents Insurance

Buildings insurance does not cover your belongings in your home. We recommend you take out your own home contents insurance.

## How much is my home worth?

Once we have established your eligibility for the scheme and you have paid the £250 administration fee, PA Housing will arrange for your home to be valued by a RICS certified surveyor.

This valuation will be used to calculate the discount you receive and the offer for you to purchase your home.

PA Housing advises that all customers gather their own information prior to application, including obtaining an idea of how much their home is worth by visiting such websites as Rightmove and Zoopla. We will also be referring all customers to our independent Financial Assessors prior to the instruction of a valuation, in order for customers to be approved for affordability to proceed. During this process, they will be able to give customers a rough guide to their property's value and the affordability of a mortgage (if required).

## Can I use the discount as a deposit for a mortgage?

Many lenders will take the discount as a deposit, although some will not. We recommend you speak with a mortgage lender, broker or Independent Financial Advisor who can advise you on a mortgage that best suits your needs.

We have financial advisers who will be happy to provide you with a brief assessment and affordability review and can be contacted through the VRTB team.



## What if I have the Preserved or Statutory Right to Buy and Right to Acquire?

Some PA Housing Customers have a 'Preserved' Right to Buy because they were council customers when their home was transferred to PA Housing. They were entitled to the original Right to Buy when they were council customers, so when they transferred to PA Housing they kept this right.

If a customer is entitled to Preserved Right to Buy they cannot participate in the Voluntary Right to Buy scheme.

If you are entitled to the Right to Acquire, you have the choice of purchasing your home using either scheme, but not both.

## How do I get my discount/Unique Reference Number?

The Voluntary Right to Buy scheme has not yet launched and PA Housing is currently awaiting confirmation on the exact method by which Customers will obtain their Unique Reference Number. When it has launched, information on how to apply for a government discount will be confirmed as part of the application process. For updates, customers can visit the government's website **righttobuy.gov.uk** and sign up for newsletters, or wait for PA Housing to keep all customers who have registered their interest up to date with the latest news.

## Why has three year eligibility been chosen for this pilot, when it was ten years for the initial pilot?

Three year minimum eligibility applies to the local authority scheme, Statutory and Preserved Right to Buy; the government want to fully test demand within the funding envelope, so that they can use this to inform the design of the main scheme.

There is a £200 million budget for the pilot.

## Who is the contact for maintenance once I become a home owner?

Once you are a home owner you will be responsible for all repairs on your home other than those specifically excluded in your lease. If you live in a block of flats, PA Housing will maintain responsibility for communal areas and repairs can be reported via phone on:

☎ 0116 257 6716

## Why haven't the government announced full details of the voluntary Right to Buy main scheme? Is the government rolling back on this key commitment to home ownership?

The government recognises that customers have been waiting on clarification for some time and will announce more details on the main scheme as soon as possible. This government understands the importance of home ownership, and is determined to support housing association customers who aspire to own their own homes. The regional pilot is evidence of that commitment. The government is using pilots to ensure that they get the policy right – the regional pilot will allow housing associations to test key features of the policy and provide important evidence to inform the design of the main scheme.

### Where can I find more information?

#### Government Right to Buy website:

🌐 [righttobuy.gov.uk](https://righttobuy.gov.uk)

#### Money Advice Service:

🌐 [www.moneyadvice.org.uk](https://www.moneyadvice.org.uk)

#### Mortgage Advice Bureau:

🌐 [www.mortgageadvicebureau.com](https://www.mortgageadvicebureau.com)

#### PA Housing:

📧 [vrtb@pahousing.co.uk](mailto:vrtb@pahousing.co.uk)

☎ 0116 204 4034



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