



<b>POLICY</b>	Voluntary Right to Buy
<b>Date Adopted</b>	July 2018
<b>Date of Next Review</b>	March 2020 or sooner if required
<b>Version</b>	1.0
<b>Responsible Body</b>	Homes Board
<b>Responsible Officer</b>	Company Secretary & Head of Legal Services

## 1. Overall Policy Statement

1.1 This policy sets out the Housing Plus Group's (subsequently referred to as the Association) approach to the Voluntary Right To Buy (VRTB) and provides a framework for participation in the Midlands Pilot of the scheme. It has been produced as a response to the Housing and Planning Act 2016 and the voluntary deal negotiated between the National Housing Federation (NHF) and Government.

1.2 The policy incorporates legislative requirements and best practice, principally from the Guidance for Housing Associations issued by the Government, whilst also allowing for a flexible approach that the business requires to allow best management of stock and to meet its corporate and charitable objectives.

1.3 The policy sets out VRTB eligibility for applicants (which are as set out in the Government Guidance) and which properties are considered eligible for the scheme (which is at the absolute discretion of the Association).

1.4 The policy applies to all landlord organisations in the Group.

## 2. VRTB Availability

2.1 As funding for the pilot scheme is allocated from a cash limited Government budget, applications will only be accepted where funding is available to reimburse the Association. This will be controlled by Government using a system of Unique Reference Numbers (URNs) which will be given to a tenant who applies to participate in the scheme. The Association will not consider any applications without a URN.

## 3. Applicant Eligibility

3.1 In line with the Government guidelines, applications from all tenants with a URN will be considered.

3.2 To qualify for the VRTB, all tenants must satisfy certain requirements as set out below.

Tenants are eligible if:

- a. they can prove they have been a tenant of social or affordable housing for at least 3 years (this need not have been with the same landlord, or continuous); and
- b. they currently hold an un-demoted secure tenancy, an assured tenancy, or a fixed term assured shorthold tenancy of at least 2 years; and
- c. they can demonstrate that the property is their main home and they have resided in it for at least the last 12 months and they do not own other property; and
- d. if they are applying jointly with up to 3 family members, these applicants must also demonstrate that it is their main home and it has been their residence for at least the last 12 months and they do not own other property.
- e. No joint applicant can be added to or removed from the application during the process without voiding the application, requiring a re-application by the tenant(s).
- f. Joint applications where any applicant is ineligible will be voided;
- g. they, and any joint applicants, have the right to reside in the UK, and can demonstrate that they meet the immigration status checks.

Tenants are not eligible if:

- a. they have Preserved Right to Buy or statutory Right to Buy;
- b. at the time of application, they hold an assured short hold tenancy (other than a fixed term assured shorthold tenancy of at least 2 years), a contractual (non-assured, non-secure) tenancy or are a licensee;
- c. they have a fixed term tenancy of less than 2 years, or if they have a periodic assured shorthold tenancy (including a starter/probationary tenancy which has not completed its probationary period);
- d. they do not have the right to reside in the UK, and cannot demonstrate that they meet the immigration status checks
- e. they are currently subject to the mortgage rescue scheme;
- f. they have any rent arrears;
- g. they or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit arrangements;
- h. they have committed anti-social behaviour as defined in the Paragraph 11 of Schedule 11 to the Anti-Social Behaviour, Crime and Policing Act 2014 and the housing association has initiated legal proceedings as a result of this;
- i. they are currently or at any point between application and completion, subject to legal proceedings, e.g. injunction proceedings have been issued or a notice of seeking possession (NOSP) has been served;
- j. they already own a property at the point of application; and will not end their ownership on or before the completion of the Voluntary Right to Buy;
- k. they hold an assured fixed term tenancy where the original term was 21 years or more (i.e. a long term tenancy);
- l. they occupy only a room, or rooms, in a shared house or flat, even if the terms of the occupancy amount to an assured tenancy;

m. they are a shared ownership tenant.

#### Qualifying period

- a. The qualifying period, and the period on which the discount is calculated, can include:
  - i. non-consecutive periods as public sector tenants;
  - ii. all un-demoted secure or assured tenancies;
  - iii. fixed term assured shorthold tenancies as long as they don't apply to the property being purchased;
  - iv. any probationary periods as long as they have been completed or do not apply to the property being purchased;
  - v. any period spent as a public sector licensee (e.g. alms house; MOD tenant) even though they cannot buy such properties under the scheme.
- b. The qualifying period, and the period on which the discount is calculated, cannot include time spent as a non-tenant adult in a parental home.
- c. The onus is on the applicant to demonstrate that they qualify for the whole eligibility period being claimed. In exceptional circumstances, tenants can make a statutory declaration, but this would need to be supported by some indirect evidence (e.g. that the public sector landlord owned the relevant property for the period in question).

## 4. Property Exemptions

4.1 The following property types will not be eligible for sale under the VRTB:

### Housing for older people

- Housing designated for or habitually let to older people (over 55 years of age).

### Housing suitable for people with a disability, including

- Housing designated for or habitually let to disabled people
- Properties where Disabled Facilities Grant would become repayable
- Properties where significant fixed disabled adaptations have been made
- Adapted properties where the household no longer needs the adaptations

### Supported housing

- Properties where housing related support is provided (whether by the Association or by external providers), this includes extra-care and sheltered schemes.

### Rural Properties

- Properties that are in rural areas. Rural areas are defined as followed:
  - All affordable housing in areas designated as National Parks and Areas of Outstanding Natural Beauty
  - All housing delivered on rural exception sites or by community land trusts or similar bodies (including in rural areas)
  - All affordable housing in rural communities with under 3,000 population as at 2011 Census

- All affordable housing in rural communities with under 10,000 population as at 2011 Census as designated by the Secretary of State taking into account the following criteria – the proportion of second home ownership, the proportion of holiday lets, the level of disparity between lower quartile average earnings and lower quartile house prices and the extent to which the community operates as a rural hub for surrounding areas.
- Property in any parish listed in the Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009

#### Low Levels of Stock

- Properties in areas where the Association has particularly low levels of stock and where in the reasonable opinion of the Association it has been decided it would be difficult to replace in the future
- Properties with four or more bedrooms where the household is under occupying by two or more bedrooms

#### Development

- Properties that are included in a formally agreed asset management programme or foreseeable redevelopment proposal such that it would not be appropriate to dispose of the property

#### Legal, Regulatory and Financial Restrictions

- Properties where Section 106 or other planning agreement restricts the use of the property; this includes rural exception sites.
- Properties where the title restricts the use of the property preventing sale
- Properties where sale would create a financial difficulty for the business (e.g. loan covenants compliance)
- Properties that have been wholly funded with charitable monies
- Properties subject to a local lettings agreement or similar management arrangements
- Properties which are not being let at a social/affordable rent
- Properties where the cost floor rules would be breached (for example, where the Association has invested more in the property than the open market valuation sale price)
- Properties in blocks of flats where the Association is the freeholder and no flats in the block have been sold
- Houses developed, acquired and/or managed where the house is leasehold

## **5. Portability of Discount**

5.1 Only in circumstances where a tenant is eligible for the VRTB but their property is not will the tenant will be offered the option of a portable discount to use for the purchase of an alternative property. The Association has a separate Portability Policy which sets out the approach to this.

5.2 The portable discount cannot be used to purchase a property on the open market. It can be used to purchase an alternative property from either the Housing Plus Group or another Housing Association/Registered Provider.

## **6. Property Replacement**

6.1 Where a property is sold under the VRTB, the Association will endeavour to replace the property in the same locality; however, there is no guarantee that this will be possible. A separate replacement policy will be developed.

## **7. Future Sales and Subletting**

7.1 The purpose of the Voluntary Right to Buy is to support tenants into home ownership. To disincentivise fraud and opportunism, the tenant is required to pay back some or all of the discount if they sell the property on or sublet.

7.2 Should the applicant wish to sell the property they have purchased under the VRTB in the future, the Association will have first refusal to purchase (following the same guidelines that are in place relating to the statutory right to buy).

7.3 Should the applicant agree to sell on the property within five years of purchase, they will be required to repay all or some of the discount on a sliding scale as set out below and/or in line with the Government guidelines that are in place at the time.

- 100% of the discount in the first year
- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year

7.4 Should the applicant sublet the property within five years of purchase they will be required to repay all or some of the discount on sliding scale as set out in 7.3 above and/or in line with the Government guidelines that are in place at the time.

## **8. General**

8.1 The Association will work to develop its asset and liability register to incorporate this policy and ensure that a list of properties that are not eligible for VRTB is maintained.

8.2 Once a VRTB application is received by the Association, no planned improvement, repair and/or renovation work will be completed to the eligible property other than essential/emergency works.

8.3 The Association will take all necessary and appropriate steps to identify and report fraud, money laundering and/or coercion of applicants by third parties

(such as family members or finance companies) to the relevant authorities. This can include but is not limited to identity checks, credit checks and verification of tenancy and applicant details.

8.4 On receipt of the application, the Association will charge a fee of £250 for the administration of the VRTB (and/or as set out in the Government Guidance). If the fee is not received within specified timescales the application will be cancelled. This fee is refundable at completion of the sale. The fee is not refundable if the applicant chooses not to proceed and/or does not comply with the application process timescales.

8.5 The Association will publicise the VRTB scheme in a balanced way, making all potential applicants aware of the responsibilities and costs of home ownership as well as the levels of discount available. The Association may undertake targeted marketing of the VRTB as part of specific asset management plans or programmes.

8.6 The Association will strictly adhere to Government guidelines and timescales with regard to processing applications and sales. The Association does reserve the right to exercise discretion if there are proven mitigating or exceptional circumstances.

## **9. Appeals and Complaints**

9.1 Should an applicant feel that the policy relating to the VRTB has been misapplied to their application, or that the decision is against legislative requirements, they may request an internal appeal of the decision. Appeals will be administered through a one stage process and publicised appropriately. .

## **10. Monitoring and Review**

10.1 This policy will be reviewed as the VRTB pilot proceeds and formally at the end of the pilot (planned for March 2020).

## **11. Consultation**

11.1 The Government and NHF have consulted with the housing providers involved in the pilot.

## **12. Links to Other Policies, Procedures or Documents**

The following policies are associated:

Sale of Dwellings  
Release of Restrictive Covenants and Granting of Easements  
Shared Ownership  
Anti Social Behaviour

Voluntary Right to Buy Policy  
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Income Management  
Anti Fraud  
Anti Money Laundering  
Probity  
Charging

The Government and NHF Guidance document agreed in May 2018 is also relevant.