



Right to Buy Policy

SER-POL-18

Version 5.0

Date approved: February 2017

Approved by: Chief Executive

1. Introduction

- 1.1 The objective of this policy is to allow Southway Housing Trust (Manchester) Limited (Southway) to maximise the availability of affordable homes, whilst ensuring that it meets its legislative requirements.
- 1.2 Tenants who were subject to the stock transfer from Manchester City Council to Southway had Assured Tenancies with the Preserved Right to Buy (PRTB). The legislative requirements in respect of the PRTB are set out in the Housing Act 1985.
- 1.3 Those who have become tenants of Southway since transfer – including those becoming so by way of mutual exchange – will not have a PRTB within their Tenancy Agreement. They may however, have one of the following:
- (1) The Right to Acquire (RTA). The legislative requirements in respect of the RTA are set out in the Housing Act 2004.
 - (2) The Voluntary Right to Buy (VRTB). This provision is not yet available and will apply if and when introduced. The requirements in respect of the VRTB will be voluntary and will be set out in a separate VRTB policy.
- 1.4 This policy sets out how Southway will manage the homeownership process, taking account of:
- The statutory obligations of both parties,
 - Southway's standards of customer care, and
 - The duty of Southway to manage its resources integrally and efficiently.
- 1.5 Southway will ensure that its tenants have information available to them to understand their rights and the risks they face in buying a home. This will be via the website and through leaflets available in public areas of the office or when requested.

2. Requirements of the Applicant

- 2.1 To purchase their home a tenant must fulfil certain conditions set out in statute, and Southway will apply these strictly. These include that the tenant must:
- (a) Be using the property as their only or principal home;
 - (b) Not be subject to any possession order;
 - (c) Not be subject to bankruptcy proceedings;
 - (d) Not hold the tenancy in connection with employment;

- (e) Have spent the qualifying period in qualifying accommodation.

3. Applications

- 3.1 Southway will act in accordance with statutory guidelines, which state:
- Once an application is received, a landlord should advise an applicant of eligibility within 4 weeks. 8 weeks if you have been with your current landlord for less than 3 years.
 - Once eligibility is confirmed, a formal offer needs to be sent within 8 weeks (for a freehold property) or 12 weeks (for a leasehold property). Southway will ensure that we exceed these guidelines.
- 3.2 Southway will accept applications by post or on line.
- 3.3 All applications must be fully completed and be accompanied by a home buyer's declaration.
- 3.4 Where an application is submitted electronically all applicants will be asked to sign a copy of the application at the pre sale visit. All signatures will be checked and verified against office records.

4. Pre Sale Visits

- 4.1 Southway takes its responsibilities as a landlord seriously. These responsibilities extend to ensuring that it gives tenants the support and guidance needed to ensure they make an informed choice when purchasing their home.
- 4.2 Each applicant will be required to attend a pre sale review. The aim of this review will be to ensure that the purchaser has fully considered the costs and responsibilities associated with buying and running an owned home.
- 4.3 Southway will carry out specific pre sale checks to determine the origin of the applicant(s) and their entitlement to purchase their home. These will include:
- Identity and occupancy checks
 - Tenancy audit
 - Credit checks
 - Insolvency checks
 - Affordability checks
 - And checks to determine the source of any funds being used

- 4.4 All pre sale visits will take place at the subject property and all applicants must be present during the visit. If there are extenuating circumstances which mean the visit cannot take place in the home, this will be considered by the Southway Homes Manager.
- 4.5 No application will proceed to the next stage of the home purchase process unless this visit has been carried out. If a pre-sale visit cannot be carried out, within the first 3 weeks after an application has been received, the application will be cancelled and a new application will need to be submitted.
- 4.6 The Trust will offer pre-sale visit appointments outside of normal office hours to accommodate those applicants who work, in some cases two officers will carry out the pre- sale visit.
- 4.7 Southway will carry out all reasonable checks to verify historical tenancies being claimed. This will include writing to the housing provider(s) detailed on the application form, and considering evidence submitted by the applicant. If Southway is unable to verify a tenancy within the statutory period then only verified tenancies will be included in the discount calculation.

5. Proof of Occupancy and Funds

- 5.1 All applicants are required to provide proof of occupancy; the required proof will be specified in advance of the pre-sale visit and must be made available before or at the visit.
- 5.2 If the required proof is not available at the pre-sale visit and is not provided within three weeks of the application date, the application will be denied and a new application will need to be made.
- 5.3 All applications must be accompanied by a homebuyers declaration; this will include confirmation that the home buyer has appropriate funds to complete the purchase.
- 5.4 The Trust will encourage all applicants to complete an affordability assessment and will provide details of this at the pre-sale visit and in our information booklets and guides.
- 5.5 Southway reserves the right to share information that may indicate fraud or money laundering to the relevant departments such as the Police and Housing and Council Tax Benefit.
- 5.6 Any applicant who is deemed ineligible for homeownership due to a failure to satisfy identity, occupancy, fraud or insolvency checks will be advised accordingly.

6. Succession

- 6.1 Where a tenant has obtained their tenancy by way of succession they are permitted by legislation to count all years spent in the property since the age of 16 towards their discount. Southway will require all such applicants to prove they have occupied the subject property continuously as their only or principle home.
- 6.2 In all cases, any proof provided must be in original documents showing the applicant's full name and the address of the subject property. All documents must be dated.
- 6.3 The proof we can accept will be confirmed in writing to the applicant.
- 6.4 Southway will apply the relevant discount for all years that the applicant can successfully prove.

7. Fraud

- 7.1 Southway is committed to the prevention and detection of fraud and will use and share information with colleagues from other registered housing providers, the Department for Work and Pensions and other departments that may help us to identify potential fraud.
- 7.2 Information sharing will be carried out in accordance with Southway's Data Protection and Information Sharing Policy.
- 7.3 Southway will aim to detect fraud in accordance with the measures outlined in our Tenancy Fraud Policy.
- 7.4 All applicants will be subject to a credit and insolvency check, as described above.
- 7.5 Where an applicant meets certain fraud triggers, enhanced checks will be carried out to ensure that any property sale is not completed fraudulently.
- 7.6 Southway reserves the right to suspend an application pending the conclusion of appropriate fraud checks.
- 7.7 Southway will take legal action against anyone found to be perpetuating homeownership fraud.

8. Capacity

- 8.1 Southway will try to ensure that our more vulnerable residents are safeguarded from entering into financial commitments they may find difficult to maintain or suffering from financial abuse.
- 8.2 If the Trust has reason to believe that the applicant (s) are unable to fully engage in the pre-sale or understand the homeownership process, we reserve the right to suspend the application pending further capacity checks. This may involve a referral being made for further assessment by our Community Support Team and / or a referral to Social Services.
- 8.3 If the outcome of further assessments concludes that the main applicant (s) cannot proceed with the application due to capacity issues, the application will be denied.

9. Rent Arrears and Housing Benefit / Universal Credit

- 9.1 Any tenant, who is subject to a current Possession Order, whether that is Suspended or Outright, will be denied the right to purchase their home. Once the conditions of a Possession Order have been satisfied, that right may be reinstated.
- 9.2 Where an applicant is in receipt of full or partial Housing Benefit or is in receipt of Universal Credit to meet the cost of their housing, the paying authority will be notified of the homeownership application and will be advised of any family members that have been included on the application form.
- 9.3 Where at any time an applicant is more than four weeks in rent arrears, Southway will not progress or complete any sale until all arrears are cleared. (For the avoidance of doubt, Southway will not allow rent arrears to be settled through the sale completion).
- 9.4 All applicants will be offered an affordability assessment during their pre sale visit, this will help them decide whether or not they can afford to purchase. Southway will always recommend that applicants take independent financial and legal advice before undertaking to purchase their home.

10. Anti-Social Behaviour (ASB)

- 10.1 Southway will check all applicants, before an application is approved, against internal databases. Where one or more applicant is the subject of

ASB action, and where statute allows in all the facts of the case, then Southway will act to suspend that tenant's eligibility, seeking an Order from the County Court if necessary.

11. Sharing the Purchase

- 11.1 The purchase may be shared with other members of the eligible tenant's family where and to the extent allowed by statute or the specific requirements of the Trust's VRTB criteria.
- 11.2 Southway will carry out the pre-sale checks described above (at sections 4 – 10) on any shared applicant(s) to ensure they meet the home purchase requirements.
- 11.3 In all cases where the main applicant(s) is in receipt of Housing Benefit, any family member added to their application must be properly declared to the Revenues and Benefits Department. Where no declaration has been made, Southway will notify the Revenues and Benefits department and may use this non disclosure to support its decision not to admit a shared purchaser onto the application.
- 11.4 Each family member wishing to share the purchase must provide the required amount of proof as specified in Southway's "Proving your Identity" leaflet. This includes providing proof that they are on the electoral register at the qualifying address.
- 11.5 Southway reserves the right to amend the documents required to prove occupancy and to ask for enhanced or additional proof.
- 11.6 If any family member wishing to share the purchase cannot meet the required quantum of proof they will not be admitted to the application.

12. Excluded Properties

- 12.1 Properties that are excluded from sale under the PRTB and RTA are specified in the Housing Act 1985 and the Housing Act 2004, respectively. Southway will check all properties against the exclusion criteria and where applicable, any application submitted will be denied.

13. Alternative Homes

- 13.1 An applicant purchasing under the RTA may be offered an alternative property from within the Trusts existing stock in line with the RTA legislation.

- 13.2 If a property is excluded from sale under the PRTB or RTA the Trust does not have to offer an alternative from its stock. However, these applicants may want to consider alternative home buying options and will be given appropriate advice and guidance by the Southway Homes Team.

14. Land and Property to be included in the sale

- 14.1 An eligible tenant is entitled to buy only the land and property which was let to him/her under the tenancy. Southway may add further land at its own discretion, but this will be valued separately and will not be subject to any discount.
- 14.2 The boundaries of the property will be checked prior to the sale going ahead to ensure that only land included in the tenancy is included in the sale.
- 14.3 Subject to legal constraints, and where it is in its interests to do so, Southway will seek within the land sold the sole responsibility for all borders and boundaries.

15. The Discount

- 15.1 Southway will sell the properties at the statutory discount.
- 15.2 In accordance with statute, the amount of discount will be reduced if the tenant has previously purchased under the PRTB, RTA or VRTB.
- 15.3 Southway will always take into account the Cost Floor when calculating the discount. The Trust will apply the cost floor rules in line with legislation.

16. The Offer Letter

- 16.1 If the tenant remains eligible when the valuation has been completed and the discount calculated, Southway will send the tenant an offer in the statutory format. The letter will include any information as specified in the legislation.

17. Additional borrowing

- 17.1 The Trust will allow additional borrowing by way of a Deed of Postponement in line with legislation.
- 17.2 Applicants will be allowed to borrow up to 5% of the value of the property. The value of the property will be based on the market value at the time the purchase.

- 17.3 For all deeds of postponement an administration fee of will be added and applicants will be required to pay any legal fees incurred by the Trust.
- 17.4 Southway reserves the right to inspect all home improvements for which a deed of postponement has been granted.
- 17.5 The Trusts policy on Deeds of Postponement is available upon request.

18. Completing the Sale

- 18.1 Southway will not pass any application to its legal advisers unless the purchaser can demonstrate that they have access to funds to complete the purchase.
- 18.2 If being facilitated by way of a mortgage, the purchaser must provide proof that they have a mortgage in place. At this stage a “mortgage in principal” will not be sufficient to prove that the funds are available. Only a confirmed mortgage offer will result in the file being passed to the conveyance solicitors.
- 18.3 All applicants admitted to make the purchase must be included on the mortgage application.
- 18.4 If the purchase is being funded without mortgage finance (or similar) then the purchaser must prove that the funds are available.
- 18.5 If:
 - (1) The tenant’s proposed funding includes a sum which is over the statutory threshold for money laundering purposes and which does not come from a financial institution known to Southway, and
 - (2) The tenant has not engaged for the conveyance a party (such as a solicitor) who is regarded as a Responsible Person within the terms of money laundering legislation,

Southway reserves the right to suspend the processing of the sale until it is satisfied that any receipt of that sum would not be a breach of its own responsibilities under that legislation.

19. Time Limits

- 19.1 Where legislation allows, the Trust will serve delay notices on any applicant who delays the progression of their purchase beyond the timescales specified in the legislation.

- 19.2 Southway will accept appeals against the issuance of any notice which actually ends the home ownership process, but it will only not issue any such final notice in circumstances where:
- (a) There has been extreme but temporary incapacity of the tenant himself/herself, and
 - (b) No part of the potential breach has materially been for any other reason, and
 - (c) There is reasonable probability that the sale will complete within the next 50 days.
- 19.3 Southway aims to achieve the various statutory deadlines placed upon itself.

20. Waiver of Discount Recovery

- 20.1 Southway will normally exercise in full any statutory right to recover any part of the discount in the event of a subsequent resale of an ex-PRTB/RTA property.
- 20.2 It will only waive this right in exceptional circumstances, and such must be agreed by the Chief Executive.
- 20.3 For the avoidance of doubt, Southway will not waive its rights in the following circumstances:
- (a) Where the re-sale is solely or mainly because of the death of the PRTB/RTA owner.
 - (b) Where the re-sale is part of a change in the nature of the relationship between those in the household, or between such and other people.
 - (c) Where the re-sale is prompted wholly or mainly by the financial circumstances of the PRTB/RTA owner.

21. Appeals and Complaints

- 21.1 For purchases under the PRTB, the appeal / delay process is specified in legislation. Any notices served on the Trust under the PRTB appeal process will be handled in line with legislation.
- 21.2 For purchases under the RTA there are no such appeals or delay procedures and the Trust will act fairly in its processing of applications so as not to unduly delay or hinder the application.

- 21.3 Complaints or queries relating to the application of internal procedures, staff conduct or discretionary processes must be put in writing to the Southway Homes Manager and will be responded to within 10 working days.
- 21.4 Complaints about legislation will not be heard unless the applicant can demonstrate that the legislation has been incorrectly or unfairly applied.
- 21.5 Complainants will have the option of taking their complaint to the Head of Neighbourhoods if they can give sufficient reason why their complaint should be escalated.

POLICY REVIEW HISTORY	
<i>To be completed during each review</i>	
Previous versions (version number – approved by – approval date – title if different) v1 – Board – 04/06/2013	
Date of last EIA:	N/A
Review lead by:	Natalie Lewis, Southway Homes Manager
Main points or amendments made and reasons Reference to pre-sale checks strengthened. Reference to capacity added Clarification around succession years Includes information about proof of occupancy and funds	
Next review due:	Q2 2019/20
Approval level:	C – Chief Executive