

Right to Buy Information for Council Tenants

This information has been produced in accordance with a legal requirement to provide secure tenants with information about the Right to Buy (Statutory Instrument 1735 The Housing (Right to Buy) (Information to Secure Tenants) (England) Order 2005)

Please note the information provided in this document is a summary of the legislation is not a statement of the law. The information given is not a substitute for independent advice, and we recommend that you seek independent legal and financial advice if you decide to pursue the Right to Buy.

Public Sector Tenants Generally Have the Right to Buy Under the following Circumstances:

- You have held a secure tenancy with a public sector landlord for a minimum period of two years (or five years if your secure tenancy started on or after 18 January 2005)
- You live in the property as your only or principal home

Up to three members of your family may also apply to buy with you as long as they can provide proof of residency at the property for a minimum of the last 12 months as their only or principal home, or where we consent. A family member is defined as: husband/wife, son/daughter, brother/sister, or a person who you are not married to but who lives with you as your partner, parent, grandparent, uncle, aunt, nephew, niece.

Public Sector Tenants Right to Buy Their Home is Terminated or Suspended if the following applies:

- The court has ordered you to give up possession of your home
- The court has made a suspension order suspending your right to buy, or a demolition order where you have committed, anti-social behaviour. A suspension order or a demotion will end any existing right to buy application and prevent any new applications being made during the period set out in the court order.
- You have breached the terms of a suspended order for possession (e.g. rent arrears, anti social behaviour, noise nuisance or any other breach of your tenancy agreement)

There are Circumstances When a Landlord May Refuse to Allow You to Buy Which are as Follows:

- The property is particularly suitable for occupation by the elderly, taking into account its location, size, design and heating system for example
- Properties which are 'sheltered housing' for the elderly, or mentally or physically disabled (these properties would have a warden and common room or have been substantially adapted for disabled use)
- The property is due to be demolished during the next 24 months, you have been served with a final demolition notice.
- The property is let to an employee who was given the tenancy to be near their work, or if it falls inside the boundaries of an operational building (e.g. a school) or a cemetery
- The council only owns the lease of the property (not the freehold) and the term remaining is less than 50 years (for a flat/maisonette) or less than 21 years (for a house)

How do I apply for the Right to Buy?

You need to submit an application form to the Home Ownership Unit. This form is called a RTB1 'Notice Claiming the Right to Buy' and can be obtained from the Home Ownership Office. Please note that the date the Home Ownership Unit receive your completed application is the date at which your property will be valued, regardless of when your home is actually surveyed.

If you are joint tenants and only one tenant wishes to buy, the other tenant must also sign the RTB1 to confirm they allow the purchase to proceed.

The Home Ownership Unit will carry out the necessary checks to confirm you qualify to have the Right to Buy and will then send you the form RTB2 admitting or denying your application within four weeks.

If your application has been admitted, we will instruct our surveyors to make an appointment to value your home and we will inform you of the price in a Landlord's Offer Notice. (Section 125 Notice)

If you have been denied the Right to Buy we will advise you of the reasons on the RTB2 form.

Landlord's Offer (Section 125) Notice

This is an important document, which you should read carefully and take to your solicitor.

The Section 125 Offer Notice (S125) informs you of the value of your property (at the time of application), the amount of discount you are entitled to and the price you have been asked to pay, the terms of the lease/conveyance: information on any future services charges: and any structural defects we know may affect your property.

Discount

The discount amount is calculated depending on how many years you have been a secure tenant, but there is a limit on the maximum allowed which is set by the Secretary of State. Currently in London the maximum discount is £16,000. In certain circumstances the amount of discount you are granted may be limited by the 'cost floor'. This means that if the cost of works carried out over the previous 10-11 year period is greater than the market value of your home, you will not receive any discount.

Service Charges

If you live in a flat or maisonette, your Section 125 includes the estimated annual service charges you will be expected to pay for the services provided to your home by the council. It will also include a schedule of works detailing how much you may be charged for any major works that are carried out on your property over (approximately) the first five years after purchasing. The amount on your offer for Major Works is the maximum amount you will pay if these works are carried out within five years of receiving your offer.

Improvements

Any improvements you have made to your home will be disregarded in the valuation and any structural defects will be taken into account and the value adjusted accordingly. These will be listed on your Section 125 Offer Notice.

Notice of Intention

You must inform us of your decision to proceed or withdraw within three months from the date of the Section 125 Offer Notice by returning your response form sent to you with your Section 125.

District Valuer

If you do not agree with the price you have been offered, you have the option of appealing to the District Valuer. To exercise this right, you must inform us in writing within 12 weeks of the date of your Section 125. The District Valuer will carry out another valuation and you will be given the opportunity to give your reasons in writing of why you consider the original valuation to be unfair. The District Valuer will send Home Ownership his report and we will issue a new Offer Notice, called a Section 128 Offer Notice (S128). The District Valuer's decision is final and his valuation could be equal, higher or lower than the original valuation given to you. Again, you must return your response form sent with your Section 128 within three months from the date of the Section 128.

Right to Buy Delay Notices

If we have delayed your application in any way, you can serve an Initial Notice of Delay (RTB6) on the council specifying why we have caused a delay. If we have not responded within four weeks you can serve an Operative Notice of Delay (RTB8). Any rent paid after the serving of the RTB8 until our response to you, can be deducted from the purchase price on completion. Please note, it is very important that you continue to pay your rent during this period in order not to accrue rent arrears which may hold up completion of your purchase or result in a court order against you which may affect your Right to Buy entitlement.

Initial Costs to Expect When Buying Your Home

Stamp Duty

Stamp Duty is the tax you pay when you buy a property. The amount you pay is based on a percentage of the purchase price of your home, not the market value. Therefore, in Right to Buy cases you pay Stamp Duty based on the price given after the discount has been deducted. Your solicitor will be responsible for the collection of Stamp Duty. The current percentage rates are as follows:

Price after discount	Rate of Stamp Duty
Up to £120,000	none
£120,001 - £250,000	1%
£250,001 - £500,000	3%
£500,001 or above	4%

However, there are some areas in which you do not have to pay Stamp Duty if your purchase price is less than £150,000. Once you have made an application we should be able to tell you if you fall into any of these areas.

Legal and Survey Fees

When deciding whether or not to buy your home, you should seek advice from a solicitor or licensed conveyancer. The cost of a solicitor or licensed conveyancer varies between each firm, so you should always ask how much their services will cost before you employ them.

You are also entitled to have your own survey carried out on the property should you wish which is highly recommended, but not compulsory.

There are three main types of survey:

Basic Valuation: This is carried out for mortgage purposes and is prepared for the lender.

Homebuyers Report: This type of survey details the basic state of repair of the property. It almost always provides a basic valuation as well.

Full Structural Survey: Also known as a building survey, this report is much more thorough than the other types of survey. It looks for major and minor problems and details all of them in a long report.

The Level of survey that you choose is partly dependent on the age and type of property you are buying. When you are buying a relatively new home built to standard construction, a basic valuation is often sufficient. If you are in any doubt go for one of the more thorough (and more expensive) options.

Mortgage Fees

Your mortgage provider may charge you for carrying out a valuation before they will officially offer you a mortgage and each lender's costs are different. A mortgage valuation is a process that the lender uses to determine whether or not a property represents a good investment. The purpose of the valuation is to compare the price of the property with those similar in the local area and to ensure that the amount you are borrowing is less than the value of the house. This is because the lender will not wish to lend you more money than the property is really worth.

You may also be asked to pay further fees for setting up your mortgage, booking a rate / mortgage product or completing your mortgage. You should get full details from your lender of what these costs will be before signing any agreement and you will need to budget accordingly.

Regular payments to expect when you have bought your home

Mortgage Repayments

Usually you will need to take out a mortgage to buy your home (unless you are in a position to pay by cash). A mortgage is a long-term loan, which is secured on your property. There are various ways to pay back this loan and you should seek advice from your bank / building society or a financial adviser for details of all your options. However, the most common way is to spread the loan over (usually) 25 years and make monthly payments, which clear part of the loan balance and part of the interest added. At the end of the 25-year period providing you have made all your payments on time you should have paid off the loan in full.

Mortgage Payment Protection Insurance

This is an insurance policy that will protect you if you are unable to make your mortgage payments should you lose your income due to unemployment, illness or injury. We would recommend you seek financial advice to find out which policy best suits you and your individual circumstances. The payments would normally be made annually or monthly.

Life Assurance

This policy will pay off the balance of your mortgage should you die before the end of the mortgage term. There are various different types of life assurance policy available, such as level term assurance, decreasing term assurance (mortgage protection) and whole life assurance. The benefit of taking out a life assurance policy is that your family will not be burdened with the remainder of your mortgage debt. We recommend you seek advice from a financial adviser to find out which policy suits you best.

Buildings Insurance

When you take out a mortgage the lender will insist you also have buildings insurance which would cover the whole cost of rebuilding your home should it be destroyed by fire or some other incident.

Your Landlord (London Borough of Islington) has a legal obligation to ensure that building insurance is in place. The cost incurred by the landlord is included in the service charge bill.

If you live in a Freehold House you will have to arrange your own buildings insurance and we advise that you look around for the best quote.

Service Charges

Where you have bought a flat, normally you will have to pay service charges. Service Charges cover our costs of maintaining and repairing the common parts, structure and exterior of your property: services to your property: management costs and the costs of insuring the building.

Council Tax

You will be expected to continue to pay your council tax as usual after you complete your purchase.

General Utilities

As a tenant, water rates for your home have been included in your rent. When you become a homeowner you will need to inform the water company that you will be paying them directly and set up an arrangement as you, not the landlord, will be responsible for these costs. You will also continue to pay for your electricity, gas and any other utilities you receive.

Risk of repossession of your home

It is very important that you make your mortgage payments every month, or for any other loan secured on your property. If you cannot pay for any reason you should contact your mortgage provider immediately and let them know, as they may be able to help you to make an arrangement. If you do not contact them and fail to make the required payments, the lender may take steps to repossess your home and would then sell it to recover the money you owe on the mortgage. You should contact the Benefits Agency in this situation to find out if there are ways in which they may be able to assist you.

Keeping your property in good repair

If you have bought the freehold of a house, you will be responsible for all major repairs necessary along with the daily wear and tear of your property. You will need to budget for unexpected situations such as repairing the roof, windows or heating system as the council will no longer be responsible for any external or internal repairs.

If you own the leasehold of a flat/maisonette you will be responsible for the maintenance and repairs of the internal parts of your home including all fixtures and fittings. The council will still be responsible for the repairs and maintenance of the external and communal areas of your home, including major works, although leaseholders and tenants are expected to keep the communal areas clean themselves also under the terms of the lease or tenancy agreement.

The maintenance costs are called service charges and are listed on your Landlord's Offer Notice. Service charges can cover items such as: block lighting and repairs, estate lighting and repairs (if you live on an estate), lifts, door entry system, grounds maintenance and the council's management fee.

The council may need to carry out major repairs or updating to your building and these are known as major works. We will list on your S125 any major works the council may carry out over the next five years and what your maximum contribution will be towards it. We will write to tell you if we are planning to carry out any major works and provide you with an estimate of the expected cost and once the works are complete we will advise you of the actual cost. We have a payment scheme in place so you can spread the cost over a period of time making the payment easier to manage. You should take the costs listed on your S125 into account when thinking of buying and once you have bought.

For further information on the Right to Buy Scheme, please contact Homes for Islington in one of the following ways:

Home Ownership Services
2 – 4 Tufnell Park Road
London
homeownership@homesforislington.org.uk
N7 0DL

By Telephone – 020 7527 7720
By Fax – 020 7257 7711/13
Or email us at

You can also acquire information from the Office of the Deputy Prime Minister (ODPM) www.odpm.gov.uk, they have several booklets [Thinking of buying a council flat?](#) and [Your Right to Buy your home](#). You can pick up a copy at our office or by contacting the ODPM direct.

If you have any questions or would like to discuss any of the above, please contact us to make an appointment. We're open from 9.00am to 4.45pm Monday to Friday.