

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 tenants with a safe, secure home as a foundation for work and education. But by giving tenants who aspire to own their own homes the opportunity to do so, we can provide them with greater financial security, and the support they 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 tenants. 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 and Saffron). Learning was taken from this 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 roll out across the country.

Stonewater, along with nearly 50 other housing associations in the Midlands, are taking part in the pilot to test some technical aspects of the scheme that will address issues that housing associations face but councils do not.

Why is it called Voluntary?

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

Why are Stonewater taking part?

Stonewater is extremely happy to be taking part in this secondary pilot which will give thousands more housing association tenants 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, Stonewater will be able to shape the blueprint for Government best practice.

Stonewater have developed a policy that not only fits the needs of tenants 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.

Stonewater have 8,027 properties in the pilot area and hope to showcase that they are collaborative, innovative and open-minded to explore new possibilities within the sector.

What other housing associations are taking part?

There are a total of 50 housing associations taking part in the Midland Pilot of Voluntary Right to Buy. For a full list of the housing associations taking part, you can visit www.midlands.righttobuy.gov.uk.

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

Stonewater is pleased to confirm that the pilot is now open for our tenants to apply. The first stage of the process is for eligible tenants to obtain a Unique Reference Number from the Government. Please visit www.midlands.righttobuy.gov.uk to find out more. Stonewater's Voluntary Right to Buy team are in place and able to answer queries from any tenants who think they may be eligible.

They can be contacted either through:

- > Our dedicated Voluntary Right to Buy page at www.stonewater.org/vrtb
- > Email: vrtb@stonewater.org
- > Phone: **02380 658858, option 2**

Why is there another pilot?

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

- > One for one replacement: Stonewater will ensure that we replace every home sold with a new property through our development programme.
- > Portability: in the event that a tenant 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 mean 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 and continue boosting the nation's housing supply. Last year, housing associations delivered 40% of all new homes in the country and Stonewater was the 7th biggest provider of new homes.

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

Stonewater 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
- > Starter homes

Where will the Midlands pilot be?

The areas included in the pilot are:

Amber Valley Borough Council, Ashfield District Council, Bassetlaw District Council, Birmingham City Council, Blaby District Council, Bolsover District Council, Boston Borough Council, Bromsgrove District Council, Broxtowe Borough Council, Cannock Chase District Council, Charnwood Borough Council, Chesterfield Borough Council, Corby Borough Council, Coventry City Council, Daventry District Council, Derby City Council, Derbyshire Dales District Council, Dudley Metropolitan Borough Council, East Lindsey District Council, East Northamptonshire Council, East Staffordshire Borough Council, Erewash Borough Council, Gedling Borough Council, Harborough District Council, Herefordshire Council, High Peak Borough Council, Hinckley and Bosworth Borough Council, Kettering Borough Council, Leicester City Council, Lichfield District Council, Lincoln – City of Lincoln Council, Malvern Hills District Council, Mansfield District Council, Melton Borough Council, Newark and Sherwood District Council, Newcastle-under-Lyme Borough Council, North East Derbyshire District Council, North Kesteven District Council, North Warwickshire Borough Council, North West Leicestershire District Council, Northampton Borough Council, Nottingham City Council, Nuneaton and Bedworth Borough Council, Oadby and Wigston Borough Council, Redditch Borough Council, Rugby Borough Council, Rushcliffe Borough Council, Rutland County Council, Sandwell Council, Shropshire Council, Solihull Metropolitan Borough Council, South Derbyshire District Council, South Holland District Council, South Kesteven District Council, South Northamptonshire Council, South Staffordshire Council, Stafford Borough Council, Staffordshire Moorlands District Council, Stoke-on-Trent City Council, Stratford-on-Avon District Council, Tamworth Borough Council, Telford and Wrekin Council, Walsall Council, Warwick District Council, Wellingborough, Borough Council of, West Lindsey District Council, Wolverhampton – City of Wolverhampton Council, Worcester City Council, Wychavon District Council, Wyre Forest District Council.

What if I am a tenant not in the region of the new pilot and wish to buy my home?

The Government remains committed to ensuring housing association tenants 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 a national rollout of the programme. More details of a national programme will be announced in due course. Stonewater is capturing the details of all tenants who would like to be kept up to date with a national roll out. Please contact vrtb@stonewater.org if you would like to be added.

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 16 August 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 tenants who apply on the Government's website will obtain a Unique Reference Number (URN).

Am I eligible?

Stonewater's tenants 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 with Stonewater
- You can prove you have been a tenant of a social or affordable housing for at least three years (this need not have been with the same landlord, or continuous). A public sector tenant is someone whose landlord is a public body such as a council, housing association, or government department.
- It is your main home and you have lived there for 12 months or more
- You can apply with up to three family members who can also demonstrate it is their main home and have lived there for 12 months or more

You 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 Stonewater investigation
- You have breached your tenancy e.g. subletting
- You have committed antisocial 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 list is not exhaustive and so please read Stonewater's **Eligibility and Exclusions Policy Guide** for further confirmation that you could be eligible.



Who can make an application?

Any tenant living in the property for at least 12 months 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?

Tenants who meet the Government's eligibility criteria will be entitled to a Voluntary Right to Buy discount and, in most cases, we expect that tenants 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 Stonewater cannot sell that particular home. Stonewater have created an **Eligibility and Exclusions Policy Guide** outlining which homes are excluded from sale and the reasons why.

Can I appeal your decision not to sell me my own home?

You cannot appeal against the policies we have set up about exclusions and portability, but you can complain to the Housing Ombudsman if you think we haven't properly followed those policies.

More information about the Housing Ombudsman can be found at www.housing-ombudsman.org.uk.

You can call them on **0300 111 3000** or write to them at:

Housing Ombudsman Service
PO Box 152
Liverpool
L33 7WQ.

Which homes won't Stonewater 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.

Stonewater 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:

- > 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, due to impending demolition, regeneration, change of use or disposal.
- > Tied accommodation occupied because the tenant 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).
- > Houses where Stonewater do not own the freehold.

Please note that this list is not exhaustive and so please read Stonewater's **Eligibility and Exclusions Policy Guide** for further confirmation that you could be eligible.

Any tenant 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 your existing home we will work with you to identify possible alternatives where you may be offered to port your discount.

Please note that you will not be able to port your discount where your current property is able to be sold. Further details on your options to port your discount can be found in Stonewater's **Portability Policy Guide**.



How is the discount calculated?

The discounts available to tenants will start at 35% or 50% for just three years of tenancy.

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

Flats – you will get a 50% discount if you've been a public sector tenant for three years. The discount remains at 50% until you have five years public sector tenancy. After year five, the discount goes up by 2% for every extra year you've been a public sector tenant, 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
- Valued at £110,000
- She has a total of 25 years tenancy
- 70% discount, this 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
- Valued at £310,000
- He has a total of 15 years tenancy
- 45% discount, this would equate to £139,500, however the financial cap would come into play and so he would in fact receive £80,900 discount
- He would then pay £229,100 for the home



How can I register my interest?

Stonewater has a dedicated page on both www.stonewater.org and www.stonewaterhomes.co.uk.

You can visit these pages to read more about the scheme and whether it is right for you.

www.stonewater.org/vrtb
www.stonewaterhomes.co.uk/vrtb

If you wish to proceed to be part of the pilot then you will first need to obtain a Unique Reference Number from the Government by visiting the following site and entering the ballot www.midlands.righttobuy.gov.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 Stonewater 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 tenant and so may the calculation method. Charges that homeowners incur which tenants do not are management fees, buildings insurance and reserve fund contributions. Not all of this shall be relevant to each property and these shall be discussed with you at the point of purchasing.

Tenants who pay a fixed service charge shall 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.

They can be contacted either through:

- > Email: homeowner@stonewaterhomes.co.uk
- > Phone: **02380 658858**, option 2



Do you charge an administration fee?

All housing associations will ask tenants to pay a £250 administration fee when they complete their application. Stonewater cannot process the application and instruct a valuation of your home until this fee has been received. When you complete on your purchase, Stonewater 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 at the initiative of the Stonewater, as 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 discount price for 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 the following link; 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 you incur 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.

Stonewater has created a full guide to the cost of becoming a home owner, which is available on our website, and it is advised that all tenants looking to take part in the scheme read this prior to considering taking part.

What about insurance?

Buildings insurance

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

As a leaseholder, you have the right to:

- > A copy of the buildings insurance policy 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 made payment of the £250 administration fee Stonewater 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.

Stonewater advises that all customers gather their own information prior to application to obtain an idea of how much their home is worth by visiting such websites as Rightmove and Zoopla. Stonewater will also be referring all tenants to our independent financial assessors, The Mortgage People, prior to the instruction of a valuation, in order for tenants to be approved for affordability to proceed. During this process, they will be able to give tenants 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.

The Mortgage People will be happy to provide you will a brief assessment and affordability review and can be contacted by referral through our Voluntary Right to Buy team.

What if I have the preserved or statutory Right to Buy and Right to Acquire?

Some Stonewater tenants have a statutory or preserved Right to Buy because they were council tenants when their home was transferred to Stonewater or due to the charitable status of their original landlord. They were entitled to the original Right to Buy, so when they were transferred to Stonewater they kept this right.

If a tenant 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?

1. Visit the Government's Right to Buy website at www.midlands.righttobuy.gov.uk. The gateway for registering your interest will be open from 16 August to 16 September inclusive.
2. Complete the online form to register your interest, and to enter the ballot for a unique reference number (URN). You cannot contact us to go any further with the purchase unless you are successful in the ballot and are given a URN. To register, you will need to provide your name, full address, local authority, and the name of your landlord. You will receive an email confirming that your registration has been received.
3. Because this is a pilot, the number of sales is strictly limited. Not everyone who enters will be able to receive a URN. Successful entrants will be selected at random through a computer ballot.
4. Shortly after the ballot closes, you will receive an email informing you if your entry has been successful in the ballot.
5. If successful, you will be emailed within four weeks with a URN, which you will need to make your application to us. Your URN will last for four weeks from the date of receipt. After this it will no longer work.
6. If successful, you can apply to us, quoting your URN, to start the process of buying your home. You cannot apply to Stonewater unless you have a valid URN.
7. Please note that having a URN is no guarantee that you will be able to buy your home. You as a tenant and your home must also be eligible (see above), and you will need to have the finances available to buy your home.

I was unsuccessful in the ballot. Can I appeal?

Unfortunately not. The number of sales in the pilot is limited and successful applicants for URNs will be selected by a strictly random ballot.

I missed the window for entering the ballot for URNs. Is there anything I can do?

There are no immediate plans to reopen the ballot. However, any decision by Government on this would depend on the level of demand. You can sign up for more information on the Government's website at www.righttobuy.gov.uk/am-i-eligible/housing-association-tenants/ and you will receive any new information.

Why are you picking people by ballot? That's not fair.

The decision to allocate places on the scheme via a ballot was made by the Government. Government are using a ballot because they believe this is the fairest way of allocating the limited number of places available in this pilot project. The alternative would have been to allocate spaces on a first come, first served basis. Government felt that this would have disadvantaged tenants with accessibility issues or those who could not get onto the internet in the first few days of opening.

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, and 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 Stonewater will maintain responsibility for communal areas and repairs can be reported via the following contact details:

Phone: **01454 204035**

Email: homeowner@stonewaterhomes.co.uk

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 tenants 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 tenants 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 this policy right – the regional pilot will allow us to test key features of the policy and provide important evidence to inform the design of the main scheme.



What are the Do and Don'ts of Voluntary Right to Buy?

- ✘ Don't delay registering. The initial ballot will run from 16 August 2018 to 16 September 2018 inclusive. There is a limited amount of Government funding available and so there is no guarantee that the ballot will re-open in the future. Register at www.midlands.righttobuy.gov.uk.
- ✘ Don't assume that you will definitely be able to take part in the pilot. Not all Stonewater homes are included and there is limited funding which will mean that not all applications will be successful. Stonewater does not have any influence in the selection process for allocation of Unique Reference Numbers.
- ✘ Don't send in your application unless you have received a Unique Reference Number from the Government. Stonewater will not be able to accept an application without it.
- ✓ Do pay any arrears owed to Stonewater before you apply. If you have any arrears your application will be refused.
- ✓ Do be aware that some properties will not be able to be sold. Read our **Eligibility and Exclusions Policy Guide** before applying.
- ✓ Do expect to pay a fee to Stonewater to process your application of £250. This will be deducted from the sale price if the sale completes or if Stonewater must withdraw from the sale for any reason. You will lose the fee if you cancel the application or do not comply with the strict timescales which apply to the scheme.
- ✓ Do make sure that you make the application in the names of only the household members who will be included in the final sale. Once the application has been agreed and verified by Stonewater you will not be able to add to or remove applicants without cancelling the application.
- ✓ Do make sure that if your application includes additional family members, they can prove that they have lived at the property for at least 12 months.
- ✓ Do make sure that you claim all of the discount you are entitled to. We will only be able to include tenancies that you are able to show evidence of from the list of acceptable forms.
- ✓ Do pay attention to timescales. The key ones are:
 - > The Unique Reference Number is only valid for four weeks – you must make your application to Stonewater before this runs out.
 - > If you qualify you will receive an offer within 12 weeks of receipt of your full application including any evidence requested.
 - > When you receive your offer you have four weeks to decide whether to accept and provide solicitors details.
 - > When the matter is referred to solicitors, completion should be within 12 weeks, (please make sure you advise your solicitors of this when you appoint them).

Where can I find more information?

Government Right to Buy website

www.righttobuy.gov.uk

Right to Buy Facebook

www.facebook.com/righttobuy

Money Advice Service

www.moneyadvice.service.org.uk

Mortgage Advice Bureau

www.mortgageadvicebureau.com

Stonewater Homes Sales and Services Team

VRTB@stonewater.org

02380 658858