



1. Introduction

- 1.1 The statutory Right to Buy and Right to Acquire schemes provide customers with an opportunity to purchase their existing home with a discount after they have been a tenant for a certain period of time. The aim of this policy is to ensure that applications are assessed fairly and homes are sold to qualifying customers only within prescribed timescales according to the rules set out in the relevant legislation and/or government guidance.
- 1.2 This policy has been developed to adhere to requirements as laid down by regulations and legislation in relation to the sale of property under Right to Buy and Right to Acquire.

2. Statement of Intent

- 2.1 The intention of this policy is to ensure Magenta Living meets its legal and statutory obligations regarding Right to Buy and Right to Acquire as well as providing an excellent service to customers who exercise their right.
- 2.2 Magenta Living also aims to identify and combat fraud and potential money laundering associated with the sale of properties.

3. Policy

3.1 Scope

This policy applies to all customers who currently rent a home owned by Magenta Living. This policy does **not** apply to those properties sold under shared ownership and Rent to Buy.

3.2 Definition

The generic term Right to Buy (RTB), is used in this policy document whereas specific provisions apply to the Preserved Right to Buy (PRTB) and Right to Acquire (RTA).

3.3 Preserved Right to Buy (PRTB)

This right enables qualifying tenants to buy their home at a discount. The scheme applies to most tenants who were secure tenants of Wirral Borough Council at the time of creation of Wirral Partnership Homes (now Magenta Living) in February 2005 and certain other qualifying tenants. Qualification criteria is set down in Statute and guidance from Government. A customer who is eligible for the PRTB would not also qualify for the Right to Acquire scheme.

3.4 Right to Acquire (RTA)

This right allows most Magenta Living tenants who do not qualify for the PRTB to buy their home but at a less generous discount. A customer who moved into an eligible property may qualify for the Right to Acquire (RTA) once they have held a public sector tenancy for at least three years. This right applies to the following eligible properties:

- Built or bought by a housing association after 31 March 1997 and funded through social housing grant (SHG) provided by the HCA (or Housing Corporation) or a local council
- Transferred from a local council to a housing association after 31 March 1997.

3.5 Guidance

Government detailed guidance on RTB is published on the website . Magenta Living is updated with relevant changes to legislation and / or relevant guidance via the company solicitors.

3.6 Information

Any customer requesting information on their ability to pursue RTB will be advised by the Home Ownership Team, with an application pack offered upon request.

3.7 Notice of Intention

Magenta Living will recognise the notice to proceed with the RTB from the day it is served by the customer. From this date the statutory timescales for a landlord response will be applied. Notice will be accepted in any format. However, a fully completed application form will be necessary to proceed. Magenta Living will offer assistance to customers in completing this, upon request.

3.8 Verification

Documents requested as part of the RTB application, including identification, residency and financial information, will be verified to support the RTB application and for the prevention of fraud and money laundering.

Magenta Living may request an interview with any applicant to ascertain relevant details.

3.9 Eligibility criteria.

The following are general eligibility requirements for RTB and include:

- The property is the customers only or principal home.
- The property is self-contained accommodation with no shared facilities, for example, kitchen and/or bathroom.
- There is no court order which requires the customer to vacate their home for breach of tenancy conditions.
- The customer is not an undischarged bankrupt or is not being declared bankrupt.
- The customer does not owe money to Magenta Living or other specified creditors.
- They hold a joint tenancy with someone who is eligible.
- They have succeeded to, or have been assigned, a tenancy held by a member of their family who were eligible.
- They were granted the tenancy under family law and/or matrimonial legislation and the person who previously held the tenancy was eligible.
- They are one of up to three qualifying family members that can join the tenant in buying their home, subject to being able to provide proof that they have lived at the property for at least 12 months prior to the application.

3.10 Exclusions

Under PRTB and RTA the following homes are excluded from sale under statutory provisions, subject to the property meeting the criteria set out in government legislation:

- Elderly person dwellings
- Dwelling for disabled persons
- Dwelling for people suffering mental disorders
- Defective dwellings
- Properties with rural restrictions
- Properties scheduled for demolition

3.11 Statutory Deadlines

Magenta Living will endeavour to process applications within the statutory deadlines set out below (from Government guidance):

Stage	Reason	Timescale
1	Applying to buy	Not applicable
2	RTB2 (admitting or denying the Right to Buy)	Within 4 weeks from Notice of Intention
3	Section 125 Notice	Within 8 weeks for a house, 12 weeks for a flat after admittance
4	Accepting offer / requesting determination / Withdrawing	No later than 12 weeks after Section 125 Notice
4	Default Notice	28 days after notice issued
5a	Termination of Right to Buy	28 days after Default Notice
5b	Purchase of property	Upon completion of sale

3.12 Valuation

Magenta Living will instruct an independent valuer to carry out a market valuation of a property. In accordance with guidelines, the valuer will be RICS (Royal Institute of Chartered Surveyors) accredited and instructed to carry out the valuation as set out in guidance.

Magenta Living will regard a valuation to be valid for a period of three calendar months from the date it was carried out.

3.13 Discount applicable

The amount of discount will depend on the market value of the home and how long a qualifying customer has been an eligible social housing tenant.

Where a joint application is made, the qualifying period for discount purposes will be based on the customer who has the longer period of tenancy.

For the PRTB, the discount will be prescribed by legislation and/or Government regulations and is related to the length of tenancy within social housing.

Under the RTA, a fixed discount or grant, with the actual amount being prescribed by the relevant legislation will be deducted from the open market value. The maximum grant under the RTA is currently between £9,000 and £16,000 depending on the geographical area where the property is located. In the Borough of Wirral, the maximum grant available under RTA is £9,000.

3.14 Previous Discount

Any discount that a customer may have received in buying a home under any RTB scheme in the past will be deducted from the current discount entitlement when applying to buy their current home.

3.15 Repayment of discount

If a home purchased under the RTB is sold within the first five years, there will be a liability to repay a percentage of the discount received as set out:

- Year 1 - 100%
- Year 2 - 80%
- Year 3 - 60%
- Year 4 - 40%
- Year 5 - 20%

3.16 Postponement of charge

If customers remortgage or take out a secured loan for certain purposes against their property, Magenta Living can agree that the new loan takes priority over repaying the Right to Buy discount. If the property was bought through Right to Buy, the repayment of the discount given will have been secured by a legal charge against the property. If the property was bought with a mortgage, the lender will also have secured the money it has loaned through a legal charge on the property. If a remortgage is applied for or the customer gets another secured loan during the discount repayment period, it is likely that the mortgage company will want the customer to get a postponement of charge. This means the remortgage or new loan takes priority over repaying the Right to Buy discount.

For Magenta Living to agree to a postponement of charge, the loan must be for an approved purpose as specified in Section 156 of the Housing Act 1985 (as amended by Section 120 Leasehold Reform, Housing and Urban Development Act 1993) including:

- carry out work to the property or to make improvements
- pay the service charge (including major works and buildings insurance)
- remortgage to change mortgage companies
- take out a loan to repay other loans secured against the property to pay interest owed on a mortgage or remortgage

If the request is being made:

- during the Right to Buy application process, the customer will need a letter of postponement
- within the 5-year discount repayment period (but after completing Right to Buy), the customer will need a deed of postponement.

Magenta Living's interest is registered as a second charge and in the event the property is repossessed the repayment of the mortgage would take priority. The letter or deed of postponement would require Magenta Living to reduce its interest in the property to a third charge.

Magenta Living will only agree to a postponement of charge if:

- a formal request is made
- the applicant provides evidence for what the money will be used for
- the application is for home improvements but excludes kitchen appliances that aren't built-in or any other alteration prohibited by the lease.
- we can inspect any home improvements within six months of completion of the work

3.17 Right of first refusal

If a property is sold under the RTB, within the first ten years after it was purchased, it must first be offered to Magenta Living before it can be sold on the open market. We would have eight weeks in which to accept the offer of first refusal.

3.18 Repairs and maintenance

Magenta Living will only carry out essential repairs and maintenance to a house or bungalow where there is a 'live' RTB application. For this purpose, 'essential repairs' are defined as those which are necessary to maintain the health and safety of the customer, their family, neighbours or visitors. The property would also be excluded from certain planned works and/or improvement programmes.

Where a RTB application has been submitted in respect of a flat, the block in which it is located may still be included in any repairs or improvements programme, typically to the external structure or communal areas, whilst it remains 'live'. However, if the flat is purchased before completion of any planned works, the customer, as the new homeowner, would be liable for an apportioned cost of the works. Details of such repairs and improvements will be included with a breakdown of associated costs over the next five years in the Offer Notice. As with houses and bungalows, we would exclude flats from certain other types of repairs and/or improvement programmes, typically where these involve works to the inside of the home.

If a RTB application is withdrawn, the 'normal' repairs and maintenance service will resume.

3.19 Service and Estate Charges

If the purchaser lives in a home which receives services to maintain the communal areas around their home or where estate charges apply, they may be liable to pay service or estate charges after purchase of the home.

Where applicable, we will seek to recover a fair proportion of our costs by way of a service and/or estate charges from customers who buy their home through the RTB. We will provide details, including a breakdown of costs which would be subject to a service or estate charge, to customers who submit an application to buy their home at the time of offer.

4. Implementation

The policy will be effective from approval by ELT.

Colleagues with an involvement in the process will be issued with a copy of the policy and procedure.

The policy will be available on Insite, and the policy will be uploaded to the Magenta Living web site.

This policy should also be read in conjunction with the following associated policies:

- Anti-Money Laundering Policy

The following procedures have been produced/amended by the Home Ownership Team to reflect the approved policy:

- Right to Buy / Acquire Procedure (ProMapp)

5. Consultation

As much of the policy is dictated by legislation / guidance, consultation has not taken place.

6. Equality Analysis (EA)

We believe all people should be treated with dignity and respect regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including, nationality, ethnic or national origins), religion, belief or non-belief, sex, or sexuality or by association with someone with any of these characteristics or perception of having any of these characteristics.

The EA was undertaken on 23rd August 2023 by Jamie Martin and Home Ownership Team and was rated as green. (See the full EA document for further details)

7. Monitoring Performance

This policy's effectiveness will be measured using the following performance indicators:

- Number of applications
- Number of offer notices
- Number of sales
- Customer feedback/complaints.

8. Scheme of Delegation

The responsible authority for approving this policy is ELT and was approved on 24th August 2023.

The Responsible Director for formulating this policy and ensuring its effective implementation is Growth & Development Director.

9. Policy Review

The policy will be reviewed every 3 years or earlier if deemed necessary though the performance monitoring process or in response to changes in legislation or government guidance.

10. Amendment Log

Date of revision:	Record of amendments:	Reason for revision:
August 2023	Full policy review	