



POLICY ON HOME OWNERSHIP

1. **Introduction**

1.1 The Government promotes through its own policy and the work of the Housing Corporation sustainable home ownership. Partner Associations in the Group participate in a number of home ownership options for tenants and others to enable tenants and others who wish to and can afford all the costs and risks of ownership to buy a home of their own. Some schemes also provide a safety net where owners are facing financial difficulties to retain their home.

1.2 Schemes which partner associations in the Group can participate in are:

- Right To Buy (RTB)
- Right to Acquire (RTA)
- Voluntary Purchase Grant (VPG)
- Homebuy
- Shared Ownership (SO)
- Local Authority Do It Yourself Shared Ownership (LADIYSO)
- Flexible Tenure
- Starter Home Initiative

1.3 Details of any relevant legislation or national policy requirements can be found at Appendix 1.

2. **Right to Buy**

2.1 Secure tenants of non-charitable housing associations were given the Right to Buy under what is now the Housing Act 1985. Charitable associations are exempt from the duty to sell under the Housing Act 1985. Worcestershire and Harden Housing Associations originally operated under non-charitable rules and at the time of their respective conversion to charitable status committed themselves to maintain the rights of existing secure tenants to purchase on Right to Buy terms. St John Kemble Hereford Housing Association has always had charitable rules; as a result right to buy does not apply.

2.2 All sales of properties to Secure tenants, who were Secure tenants before the change to charitable status and continue to be secure tenants will remain unchanged.

- 2.3 Secure tenants who become tenants of Harden Housing Association owned properties after 1st April 1998 or tenants of Worcestershire HA after 21st October 1998 will not have the Right to Buy. This may affect the rights of people who become secure tenants by mutual exchange, assignment or succession after the relevant date and procedures must ensure that people are informed appropriately.
- 2.4 The size of the percentage discount off the property valuation is determined by how long the purchaser has been a tenant of a social sector tenancy in accordance with the Housing Act 1995. Additionally, the level of the discount is set at a maximum of £25,000 and can also be reduced to take account of the "cost floor" so that properties cannot be sold for less than the Association has spent on development or maintenance within a set period of time.
- 2.5 Properties which are part of a group of properties which are adapted for the elderly or disabled or used by people with mental health problems as well as single properties designed/adapted for the elderly are excluded from the Right to Buy. In addition single properties adapted for the elderly can be excluded. (Section 120, Paragraph Schedule 5, Housing Act 1985). In making a decision to exclude a property the Director of a Managing Association, or other officer authorised by the Director, shall take into account the following factors (which are based on the factors taken into account in any appeal to the Secretary of State):
- there should be easy access on foot to the dwelling: access is unlikely to be regarded as easy, in an area which is not hilly, if it is necessary to climb three or more steps (in addition to the threshold) and there is no handrail;
 - the accommodation should be on one level;
 - in the case of a flat above ground floor level there should be access by lift;
 - there should be no more than two bedrooms;
 - there should be adequate arrangements for heating the living room and at least one bedroom;
 - the home should be located reasonably conveniently for shops and public transport, having regard to the nature of the area.

3. Right to Acquire

- 3.1 Secure and Assured Tenants of properties provided with Social Housing Grant approved after 1st April 1997 have the statutory Right to Acquire their home under Section 16 of the Housing Act 1996. The procedure for sales are very similar to the Right to Buy scheme except that the discount is a fixed cash price off the open market purchase price of the property.
- 3.2 Properties in rural areas designated by the Secretary of State are excluded from the scheme. The exclusions applying to the West Midlands can be found in Statutory Instrument 620 of 1997 and apply to all settlements under 3000 in the West Midlands, Worcestershire and Herefordshire. Further information is provided in the legislation and national policy at appendix 1. Homes which form part of a group of dwellings specially adapted for the elderly or disabled are also excluded.
- 3.3 Properties to which this right applies are identified and recorded at the development stage and the properties are flagged on the computer system.

4. Voluntary Purchase Grant

- 4.1 Properties built with Social Housing Grant approved before 1 April 1997 may be purchased under the Voluntary Purchase Grant (VPG). The Housing Corporation provides a grant towards the purchase costs of each dwelling sold. Sales are dependent on the Association having an allocation of funding for a grant in the local authority in which the property is situated and the property is of a type available for sale.
- 4.2 At the present time no partner association in the Group has applied for any Voluntary Purchase Grant funding and is unlikely to do so unless tenure diversification is seen as an appropriate part of an asset management strategy for a particular estate.
- 4.3 Where there is no allocation the Association is required to maintain a waiting list of applicants for grants. The list will be operated on a date order basis with preference being given to those who have been on the list the longest.
- 4.4 Applications to purchase properties of a type that have been excluded from the Voluntary Purchase Grant scheme will be refused. The property types excluded or included from sale shall be reviewed from time to time by the Board of Management and will take effect from the 1st April following approval.

5. Shared Ownership (including Local Authority Do It Yourself Shared Ownership)

The Group participates in the development of shared ownership schemes where the occupier purchases part of the property (usually 50% or 75%) and rents the remainder from the Association. Where funding is available it will also offer Local Authority Do It Yourself Shared Ownership, a version of shared ownership where the prospective tenant finds a property of their choice on the open market. These are intended to provide a means of access to housing to those unable to buy on the open market. In considering applications for shared ownership procedures will exclude applicants who:

- i) have the financial resources to buy on the open market, or
- ii) have too few financial resources to afford the costs of shared ownership.

6. Homebuy

Homebuy has replaced Tenants Incentive Scheme and Do It Yourself Shared Ownership (LA funded DIYSO continues). Qualifying tenants and others will receive an interest free equity loan to meet 25% of the cost of buying a home on the open market. Loans are cash limited by allocations from the Housing Corporation. Where the scheme is operated it will comply with Housing Corporation procedures. In considering applications for Homebuy procedures will seek to exclude applicants who:

- i) have the financial resources to buy on the open market, or
- ii) have too few financial resources to afford the costs of Homebuy.

7. Flexible Tenure

Where Shared Ownership leaseholders are facing financial difficulties and the Association has the resources available from recycled Social Housing Grant the Association will consider the possibility of purchasing an additional share in the property. The repurchase of part or the whole of a shared ownership property will comply with Housing Corporation procedures. Decisions to purchase will be made by the Board of Management and be subject to a modified development appraisal to ensure that the repurchase is a viable solution for both the shared owner and the Association.

8. Re-purchase of sold properties

From time to time requests to re-purchase properties sold under the Right to Buy have been received. The Association will consider the re-purchase of properties from former tenants only in exceptional circumstances where the Association has the development resources to fund the purchase.

Many factors will affect the purchase price but normally the price offered should be reduced to take account of the discount given to the tenant at the time of original sale. The property should also represent good value for money and must fulfil a housing need. Decisions to purchase will be subject to the normal development appraisal and approval procedure for an existing satisfactory dwelling and the development funding used.

9. Starter Home Initiative

The starter home initiative has been developed by the Government as a response to the lack of affordable accommodation for key workers in the education, police, fire and other public services. Subject to available funding schemes will be developed by partner Associations to meet local needs and may include a range of options including shared ownership, Homebuy or more traditional rented schemes.

10. Publicity

The Association will publicise the availability of the sales schemes through the tenants' newsletter and information given to residents and others enquiring about housing. Where grants are available under the Voluntary Purchase Grant the scheme will be promoted to all eligible tenants in the local authority area. Printed information provided by the Housing Corporation or Government will be displayed in office reception areas. Additional Marketing will be undertaken where there is low demand for shared ownership schemes developed by the Group.

11. Approval of Grant, Loans and Sales Application

Grant and Loan applications, outright sale of properties and staircasing of shared ownership properties will be authorised by the Director or an officer authorised by them. Directors and authorised officers are responsible for ensuring that sales are carried out in accordance with procedures required by the Housing Corporation and the Association's financial regulations.

12. Future Management of Sold Properties

Once properties are sold the Association may have a continuing involvement in providing communal area services to the owners of the property and recovering the cost of these services from them. Where they become a leaseholder of a flat (but not houses), the Association also continues to have responsibility for the maintenance of the structure of the building. Appropriate details can be found in:

- ◆ The Services and the Service Charges Policy
- ◆ Policy on Arrears of Rent and Other Charges
- ◆ Leasehold Management Policy

13. Equal Opportunities

The Association will endeavour to ensure equality of opportunity for all. No person or group of persons will be treated less favourably than other people or groups because of their race, skin colour, religious or cultural beliefs or because of their gender, sexual orientation, age, HIV status, disability or health. Further details can be found in the equal opportunities policy.

This document sets out the Group's policy relating to home ownership. All policy documents of the Group are subject to regular review.

This document was approved by West Mercia Housing Group's Board of Management on 10th December 2001 and is currently under review. If you would like to be involved in the review, please contact Sue Formaston, Business Improvement Co-ordinator on 01527 556400.

LEGISLATION AND NATIONAL POLICY

Right to Buy

Legislation: Part V Housing Act 1985 as amended, Sections 118 to 188

Main HC Circulars:

- F5-12/80 Housing Act 1980: The Right to Buy
- 3/81 Notes for Solicitors
- F5-03/99 Right to Buy - Changes to discount and Cost Floor
- F5-47/85 The Right To Buy: guidance on the Cost Floor, and other Right To Buy matters
- F2 -24/01 Right to Buy - Preventing abuses
- F5-40/93 Leasehold Reform, Housing and Urban Development Act 1993 - (Right To Buy: Elderly Persons' Housing)
- F5-02/91 Right to Buy Valuations: District Valuers Charges
- F5-18/88 Deficits and Right to Buy Service Charges and Survey Costs

Right to Acquire

Legislation: The key provisions governing the tenant's rights are set out in Sections 16 and 17 of the Housing Act 1996. The statutory procedures, discount entitlement and other requirements are governed by Part V of the Housing Act 1985 as it has been modified in relation to the RTA by the Housing (Right to Acquire) Regulations 1997 which are made under Section 17 of the 1996 Act. Schedule 2 to the Regulations sets out Part V of the Housing Act 1985 as modified. Designation of Rural Areas is covered by The Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the West Midlands) Order 1997 No. 620.

HC Circulars: Housing Corporation publishes the Capital Funding Guide which must be followed as a condition of Grant, this contains application forms as well as guidance on procedure.

Voluntary Purchase Grant

Legislation: Non specific to scheme
Circular F2-06/96 Voluntary Purchase Grant
F2-10/98 Voluntary Purchase Grant (VPG)
F2-31/97 Voluntary Purchase Grant

Housing Corporation publishes the Capital Funding Guide which must be followed as a condition of Grant, this contains application forms as well as guidance on procedure.

Shared Ownership (including Local Authority Do It Yourself Shared Ownership)

Legislation: Non relevant
HC Circulars: Housing Corporation publishes the Capital Funding Guide which must be followed as a condition of Grant.

Homebuy

Legislation: Non relevant
HC Circulars: Housing Corporation publishes the Capital Funding Guide which must be followed as a condition of Grant.

Flexible Tenure

Legislation: Non relevant
HC Circulars F2-39/98
Flexible tenure - new use of Recycled Capital Grant Fund, and policy guidance for mortgage rescue using local authority Social Housing Grant