

# Voluntary Right to Buy

## Stonewater's policy guidance

We are a participating member of the Voluntary Right to Buy (VRTB) pilot, based in the Midlands, and are required to publish a policy explaining how we will operate so that the rules are clear to all potential purchasers.

You will find the rules for the scheme and where to find our property exclusions policy within this document.



## What is Voluntary Right to Buy

VRTB is a voluntary scheme between housing associations and the government which allows qualifying tenants the opportunity to buy their home, or another suitable home, using a discount based on their individual circumstances.

The scheme is very similar to the Right to Buy scheme, which has been operating for over 30 years, and allows some council and housing association tenants the opportunity to purchase their existing home. The discounts are worked out in the same way for both schemes.

The main difference between the voluntary and statutory schemes is that housing associations do not have a legal obligation to sell under the voluntary scheme and tenants do not have a legal right to purchase.

We will not be able to sell some of the homes in the pilot area due to legal restrictions. However, we can offer to sell you another suitable home by “porting” your discount if we are unable to sell you your existing home. Further details of this can be found in our [Portability Policy guide](#).

The pilot is for “general needs” properties, which does not include supported housing. Tenants living in supported housing cannot apply.

## The pilot

The pilot will run for two years starting in August 2018, and the government has provided £200m of funding to finance the cost of discounts.

In order to manage demand, all applications must be made through the government’s online portal, [www.midlands.righttobuy.gov.uk](http://www.midlands.righttobuy.gov.uk). Successful applicants will be awarded a unique reference number (URN) which must be presented to us. This is so we can check if you meet the eligibility criteria and that we are legally able to sell your home to you (or another suitable property).

## The pilot region

The pilot is operating in the Midlands area only, as chosen by the Ministry of Housing, Communities and Local Government. In order to be eligible, you must first ensure that your current home is within the boundaries of the following Local Authorities:

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.

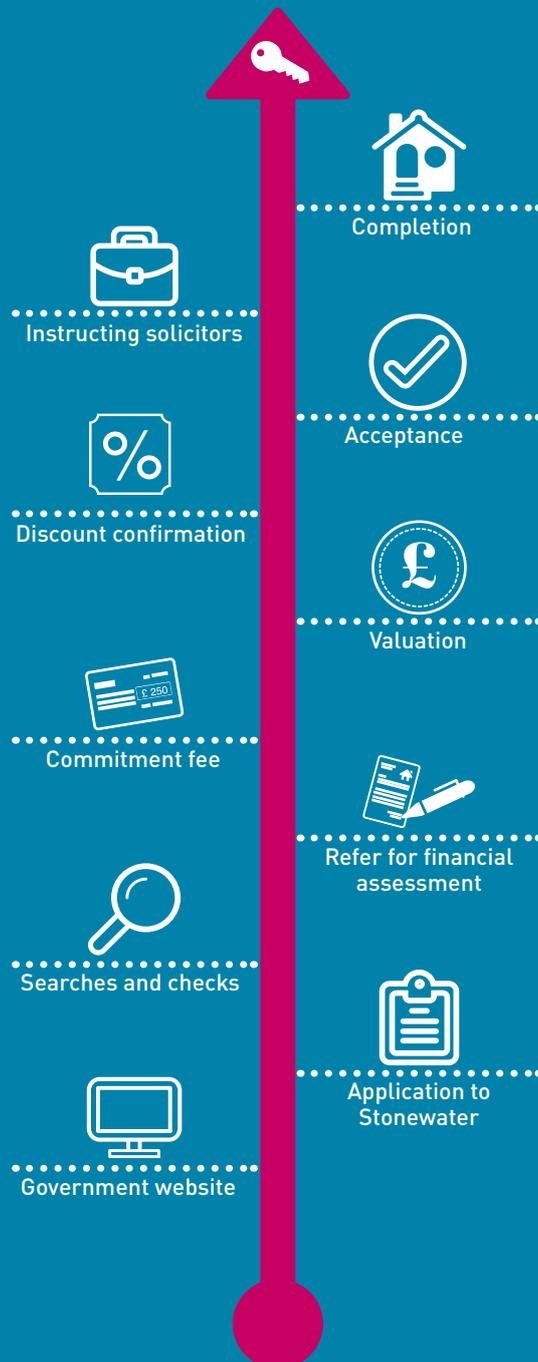
You can check if your home is within one of these boundaries by checking your council tax bill. There are other local authorities in the Midlands that are part of the pilot, but these are the only ones where we currently own homes.



# Voluntary Right to Buy

The customer journey

Congratulations! You're a homeowner!



Following the award of a URN, you will be required to submit an application form to us within four weeks. This must be completed in full and signed by all parties included in the application. We are unable to proceed with your application until the full signed declaration from all parties has been received.

You will be referred to our external agency The Mortgage People (TMP) who will carry out an initial assessment of the purchase. They will confirm the likely purchase price of your home and assess if you have the funds/mortgage available to proceed with a purchase prior to any monies being committed. Upon qualification, you will be referred back to us to proceed with the application.

An application fee of £250 must then be paid by the tenant to continue the process. This will only be refundable if the sale does not complete, due to the property not being eligible for the scheme, or if we withdraw our offer. If you withdraw from the process after the fee has been paid you will not receive a refund as costs will have been incurred.

The £250 fee will be deducted from the amount due upon completion in line with the rules of the scheme.

The application cannot proceed, and a surveyor cannot be appointed, until this fee is paid. Should we not receive the application fee within two weeks of requesting it, your application may be cancelled and your URN returned to the main government portal.

The fee can be paid by debit or credit card by calling **02380 658858** (option 2) or by sending a cheque made payable to Stonewater, to Stonewater, Suite C, Lancaster House, Grange Business Park, Enderby Road, Leicester LE8 6EP.

The property will then need to be valued by an independent RICS qualified surveyor at our expense.

We will give you a choice of a minimum of two approved surveyors. You must then choose one of the surveyors and confirm your choice within three working days.

Contact details for the tenant will be passed to the surveyor. The surveyor will make direct contact to make arrangements for a home visit. If you do not engage with the surveyor, or miss two appointments, the application will be closed and no refund given.

The surveyor will assess the property and mark out its boundary lines. It is your responsibility to identify any outlying buildings such as garages or sheds that should be included in the sale: these will then be verified by us to be included in the calculation of the valuation.

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**Note:** The tenant is able to dispute the valuation. In order to do so they must instruct a second valuation to be carried out by a surveyor from the original list and the cost must be met by the tenant. The findings of this valuation and reasoning should be presented to the original surveyor to make a decision. Should Stonewater wish to dispute the valuation and instruct a second valuation to take place, there will be no additional cost to the tenant.

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Once the valuation is received a check will be made to ensure that the market value of the property exceeds the net debt so that we do not suffer a financial loss from the sale.

Improvements made to the home at your expense which have a material effect on its value will be excluded from the sale price. If improvements were made without our consent we will make a retrospective charge for providing our consent but will still exclude the improvements from the sale price.

Once all eligibility checks have been made, the property has been valued and funding has been agreed we will make a formal offer to sell to you, clearly stating the valuation of the property less the discount you are entitled to.

The offer to sell will include a plan of the property clearly outlining the boundaries of the property for sale.

We will give you an initial deadline of 4 weeks from the date of offer to accept and proceed with the purchase. We will reserve the right to extend this to 12 weeks depending on the circumstances of the purchase. If we do not receive written acceptance within this timeframe the funding reserved will be released back to the central portal and you will need to start the application process again.

If you choose to proceed with the offer, we will require written acceptance from all parties. Upon receipt of this, we will instruct our solicitors to provide the legal support required during the conveyancing process. As a purchaser you will be required to source and instruct your own solicitor to act on your behalf, at your own expense.

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**Note:** Any routine non-emergency and planned and cyclical repairs will be suspended whilst the application is being processed. Only repairs required in order for us to comply with the following legislation will be considered: Section 11 Landlord and Tenant Act 1985, Environmental Protection Act 1990 and Section 4 Defective Premises Act 1972.

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## Fraud prevention

We will take every precaution to make sure that all parties in the application are eligible to participate in the scheme and that full money laundering checks are carried out. We will only proceed with your application if we are satisfied with all of the following criteria below, and reserve the right to suspend the application at any time if we believe any type of fraud may be being committed:

- > All tenants signatures will be compared to their tenancy agreement and any change of name will require proof of a formal certificate: such as marriage, divorce, deed poll etc.
- > There is a declaration on the application form allowing us to contact any parties in connection with assessing the application and confirming your right to buy. We will only proceed with the sale if written evidence is provided for the entire length of tenancy in line with the eligibility criteria.
- > All applications must be supported by a copy of the council tax bill for the property within the last three months, confirming the tenant(s) name(s).
- > All applicants will be required to provide proof of identification. This will include a copy of their photo ID of either a passport or Driving Licence, and a utility bill (not mobile phone) or bank statement (not credit card statement) registered at the address they are purchasing from within the past twelve months. Copies will need to be certified by the Post Office, a solicitor or TMP.
- > Each party in the purchase must provide written evidence that they live at the property and have done so for at least 12 months, through council tax or voter's role confirmation, and additional information such as utility bills, bank statements, current benefit or pension claim letter, P45, P60 or payslip or doctors' letters. The onus is on the individual to provide this evidence and if they are unable to then they cannot to be included in the application.

- > We will carry out full credit and data checks to ensure that all applicants have a financial/data footprint at the property they are purchasing.
- > We will carry out full money laundering checks for cash purchases and any savings declared by tenants in receipt of benefits will be checked for declaration with the Benefits Agency.

## Completing the sale

The tenant must confirm in writing that they wish to proceed with the sale. Confirmation must include details of the solicitor acting of their behalf and how the purchase is being funded.

If the tenant is securing a mortgage, the lender must be registered with the Financial Conduct Authority.

If the sale is a cash purchase, then the tenant must provide evidence of how this is being funded, for example, copies of bank statements, supporting letters (e.g. gifted deposits) and ID.

Completion cannot take place until the rent account is clear and the customer has completed a direct debit form for the payment of service charges (if applicable). All arrears and outstanding monies owed, including re-charges, must be paid prior to completion.

No delay notices will be sent to the tenant. Timescales will be clearly outlined throughout the process and it is the tenant's responsibility to ensure these are adhered to. Failure to adhere to the timescales will mean the application is automatically cancelled.

## Selling, letting and first refusal

If you sell the property in the first five years of ownership you will be required to pay back the full discount granted or a proportion of the discount in line with the rules of the scheme.

Repayment of the discount will be exempt under the following circumstances:

- Disposal to any member of the family who joined in the original application or who has resided in the property 12 months immediately before the date of disposal
- Disposal to a spouse
- Disposal arising from compulsory purchase by a public body
- Disposal of the whole of the property in pursuance of an order under Section 24 of the Matrimonial Causes Act 1973.

If the tenant is deceased within the first five years of the purchase and the repayment of the discount is not exempt for any of the reasons outlined above, the date the calculation of the repayment will be effective is the date of death not the date of sale.

If you sublet the property in the first five years you will be required to pay back the full discount granted or a proportion of the discount in line with the rules of the scheme. In exceptional circumstances we will consider on a case-by-case basis, requests to sublet in certain controlled circumstances without paying back the discount.

The circumstances we would consider a tenant not paying back the discount include:

- Working away from home on a temporary basis
- Attending education/training away from home on a temporary basis
- Caring for a sick relative
- Prison term
- Financial circumstances that prevent the sale of the home.

If the owner is in negative equity the following circumstances may also be added:

- New employment not within reasonable commuting distance
- Overcrowding
- Medical needs
- Change in family circumstances (relationship breakdown).

Where the above criteria is met we will impose the following conditions:

- Maximum of six or twelve months let – possibly extended to be longer to coincide with length of employment contract or educational course
- Owner must demonstrate that no profit is to be gained from the rent charged
- Forwarding address and emergency contact numbers must be provided
- The letting is managed through an approved lettings agency and contact details for the agent provided
- Use of an approved Assured Shorthold Tenancy agreement that includes relevant covenants from the lease or transfer
- Withdrawal of consent if any covenants are breached
- Service or estate charges (and all other charges) to be paid via direct debit
- No breaches of terms and the account remains clear.

After the fifth anniversary of the sale the owner can sublet the property without restriction.

If tenants redevelop the property or sell the property for redevelopment in the first 25 years of ownership they are required to pay an overage as stipulated in the lease or freehold transfer document.

If the tenant moves in the first ten years after the sale they must give Stonewater first refusal on buying back the home. We will assess every request on its own merit based on our current stock acquisition policy at the time of offer.

Discounts will also be repayable if the tenant is found to be in breach of terms of the sale, lease or is found to have committed fraud.

## Portable discount

Where an eligible tenant with adequate funding secured from the URN is unable to purchase their existing home, as it is on our register of exempt properties, they will be offered the opportunity to “port” their discount to an alternative property.

We will write to the tenant explaining that they are unable to purchase their existing home and specify the percentage of discount they can use against an alternative property.

We will notify tenants that hold a portable discount of all suitable properties that we currently have in our pipeline of new build schemes and any suitable vacant properties we have within our portfolio.

If a suitable property is not currently available for a tenant to port their discount to, the tenant may join our porting register for up to a maximum of 6 months. During this time we will alert the tenant of any upcoming suitable properties that the tenant may port their discount to. If the tenant chooses to not join the porting register within 14 days of the acceptance of their application, or does not accept the offer to port to any property offered during the 6 months on the Porting Register, Stonewater will have been seen to have discharged their duties with regards to the portable discount and the URN will be returned to the Government.

If a tenant agrees to purchase an alternative property, they will be required to transfer their tenancy to this property in order to progress with the application. If they withdraw their request to purchase after transferring to the alternative property they will not have a right to return to the previous or any other property as a result.

Full details can be found in our [Portability Policy guide](#).

## Complaints

All stage 1 complaints will be dealt with by the Sales and Services Manager with support from the Voluntary Right to Buy Team Leader. Stage 2 complaints will be escalated to the Head of Home Ownership.

Complaints will be registered and dealt with in the normal way as stipulated in our complaints policy.

The following issues will be considered under the complaints policy:

- > Poor communication
- > Inaccurate information
- > Failure to comply with stated policies and procedures.

The following issues will not be considered under the complaints policy:

- > Eligibility
- > Property exclusions
- > Discount rates
- > Valuations
- > Properties available for porting

The Housing Ombudsman will have jurisdiction as the complaints body checking compliance and tenants will be able to refer complaints to the Ombudsman once our complaints policy has been exhausted.

## Further information

Further information on VRTB scheme  
is available here:

**Government Right to Buy website**  
[www.righttobuy.gov.uk](http://www.righttobuy.gov.uk)

**Right to Buy Facebook**  
[www.facebook.com/righttobuy](http://www.facebook.com/righttobuy)

**Money Advice Service**  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

**Mortgage Advice Bureau**  
[www.mortgageadvicebureau.com](http://www.mortgageadvicebureau.com)

**Stonewater Homes  
Sales & Services Team**  
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02380 658858

