

RIGHT TO BUY GUIDE

Information about buying your home



Folkestone & Hythe
District Council

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About this guide

This guide has been produced to help you to make an informed decision about buying your home and what it will mean for you. We have also included information about how you should complete the application form and and there is a frequently asked question section for your information.

Further detailed information can be found at the Right to Buy section of the government's website.



Buying your home can be a complex and sometimes confusing process. It is one of the biggest decisions that you will have to make, not just financially, and will affect all those who live in the property.

Financially, buying your home can seem attractive, as you may benefit from an increase in property value. However, property values can also go down and your property may be worth less than you paid for it. This is called negative equity.

Owning a property brings with it many different responsibilities and financial commitments. These can include:

- **Repairs to the property.**

When you buy a property you become responsible for the repairs to your home. Some of these repairs can be expensive and you will need to budget for them appropriately.

- **Mortgage payments.**

If you take out a mortgage with a bank to pay for the property you become responsible for those payments. Failure to pay may mean that your home is repossessed by the bank.

- **Service charges for the upkeep of the property.**

If your property is leasehold, then you will be required to pay a proportion of any works or services that are required to the property and/or estate.

- **There will also be other costs to consider, like buildings insurance.**

You may lose your home if you fail to meet your commitments and responsibilities. Therefore, you should think very carefully before applying to buy a property and get plenty of advice from independent advisers before deciding that buying your home is the best option for you.

This guide will help to provide you with the information that you need to get started, including the questions that you should ask, and how to take the next steps to buying your home.

Thinking of buying

So, you're thinking of buying your home. Thousands of tenants each year think about buying their council home. For many, the process is worthwhile and can be a real benefit for them and their families. However, buying your home can be a huge financial burden and it's a decision that you should take your time over and get the right advice from independent advisers.

Is it for me?

Right to Buy isn't for everyone and there are currently other ways through which the government can help you to own your own home. Other help includes:

- **Shared Ownership.** You buy a part of the property and pay a rent on the other part you don't own. Shares usually start at 25% of the total value of the property and you can buy more shares in the property if you want.
- **Help to Buy loan.** The government will lend you up to 20% of the total value of a property.

Full details of these schemes can be found online. Please see details at the end of this guide.

It's important that you keep your options open and find out as much information as possible before you commit yourself to buying your home.



Eligibility

Not every tenant is eligible for the Right to Buy scheme. Also, some properties are exempt from Right to Buy. So the first thing you need to know is whether you are eligible for Right to Buy and whether the property is also eligible.

You are probably eligible for the Right to Buy scheme if you are a secure tenant. A secure tenant has the Right to Buy when they have spent at least three years as a public sector tenant. A public sector tenant is a tenant whose landlord is either a 'Right to Buy landlord' like a local authority or housing association; or one of the public bodies listed on the government's Right to Buy website.

You will only be able to purchase under the scheme if your house or flat is your only or principal home and is self-contained. You cannot buy your home if a court makes a possession order which says that you must leave your home. Neither can you buy your home if you are an undischarged bankrupt, have a bankruptcy petition pending against you, or have made an arrangement with creditors (IVA). You may be able to exercise the Right to Buy jointly with members of your family who have lived with you for the past 12 months, or with someone who is a joint tenant with you.

There may be other limitations on whether the property is eligible for the Right to Buy. Certain properties are exempt from the Right to Buy because of the type of property and where it is located. Exclusions include:

- **Sheltered housing**
- **Designated rural properties**
- **Properties with a demolition order**
- **Designated homes for older people**

Please check with us to see if your property is eligible for the Right to Buy.



Discounts available

The discount available under the Right to Buy scheme will depend on two factors. It will depend on the market value and also the length of tenancy held. The longer you have been a tenant, the more discount you get. However, it is worth noting that there is a cap on the amount of discount you can receive. The maximum discount level changes each year on 6 April accordingly with the Consumer Price Index (CPI). If the index does not increase, the discounts will remain the same.

Subject to this limit, the amount of discount for which you are eligible depends on the time you have spent as a public sector tenant. You must have been a public sector tenant for at least three years in order to qualify for the Right to Buy.



House

If you live in a house, you can get a discount of 35% after three years tenancy. You also get 35% after four and five years tenancy. For each extra year after that, you get another 1% for each year of tenancy up to a maximum of 70%.



Flat

If you live in a flat, you can get a discount of 50% after three years as a tenant. You also get 50% after four and five years tenancy. For each extra year after that, you get another 2% for each year of tenancy, up to a maximum of 70%.

Cost Floor Rule

Your discount may be reduced by a special rule called the cost floor rule. This may apply if your home has recently been purchased or built, or money has been spent on repairing or maintaining it. Under this rule, the discount you receive must not reduce the price you pay below what has been spent on building, buying, repairing or maintaining it.

Whatever percentage you are eligible for, your discount cannot be greater than the maximum permissible amount.

Costs of buying and owning your own home

For most people, buying a home is the biggest investment they will ever make. It's therefore really important that you think about all the costs involved and whether or not you can afford to commit to buying the property.

You need to look at all the costs involved – not just mortgage payments. You need to work out if you can afford it not only now, but in the future too, when your circumstances may be different. Bear in mind that house prices could go down as well as up. It's a good idea to look into the costs of buying your home before you make an application.



Service charges

If you buy a flat, you will have to pay for the servicing and maintenance of the property. These costs are called service charges. Services charges can be for any element of services and maintenance and can include annual items such as cleaning, or cyclical items such as decorating the building. They can also be for larger items of expenditure for example roof replacement. It is therefore essential that you allow for these ongoing maintenance items as part of your budget for buying your home.

Repair costs

You will be responsible for any repairs at your home, so you should factor in an amount to spend on an annual basis for things such as the boiler or heating system. When these systems need fixing it's usually in colder weather, so it's important that you have enough money to pay for them if they break.

Mortgage or loan?

You are likely to need a loan or mortgage, which you would pay back with interest, usually in monthly payments. The interest rate will be in the mortgage deal that you agree with your lender (usually a bank or building society) and can change over time. Remember that interest rates could go up or down in the future, which will mean the money you will pay back each month could change significantly.

How much can you borrow?

This depends on your personal circumstances, such as your income, your outgoings, and whether you're buying alone or with someone else.

Mortgage advice/broker

You may choose to get advice from a financial adviser or mortgage broker. Costs of this service will vary and may either be a set fee or percentage of the mortgage

Survey

It is advisable to get an independent survey of the property carried out by a qualified surveyor. This will highlight any issues with the property and will help you budget for future years.

Also, your mortgage company may need a survey carried out before they will lend you funds to buy.

Legal fees

You will need to hire a solicitor or other licensed conveyancer for the legal aspects of your purchase (searches, land registry fees, deeds, etc.). Costs can vary, but expect to pay upwards of £1000 for this service.

Things to consider



If you sell within five years

You will usually have to repay some or all of the discount you received. The amount depends on the price that you sell at and how long you have been an owner.

This also applies if you agree to transfer ownership to somebody else. If you sell within the first year you will have to pay back all the discount you received.

- **80% of the discount in the second year.**
- **60% of the discount in the third year.**
- **40% of the discount in the fourth year.**
- **20% of the discount in the fifth year.**

Can I afford it if things change in the future?

Remember that your home could be at risk if you aren't able to keep up your mortgage or loan repayments. So work out your budget, don't over-extend yourself financially, and ensure that you have some savings set aside for a rainy day.

Housing benefit

If you become a homeowner it is important to understand that you will not be able to claim housing benefit as you may currently be doing as a tenant.

Other benefits you may receive

If you are claiming other benefits and help towards the cost of household bills, these may be affected if you buy your own property.

Frequently asked questions

Q. What is the price of the property?

- A.** Part of the application process for the Right to Buy scheme involves having a valuation undertaken of the property. The valuation is based on the market value at the time of your application.

If you want to find a rough idea of the cost of the property before you apply, you can do so by looking at any comparable alternatives in the area which are for sale. This will give you an idea of the cost of the property and will help you budget before you make an application.

Q. I want to buy the property but I'm currently claiming Universal Credit. Can I apply?

- A.** It's important to know that you can afford to buy the property before you make an application. If you are claiming benefits you may be able to get a mortgage but you will have to find a lender willing to do so. You should also make sure you have enough funds to pay for all the expenses involved with buying your home.

Therefore, it's important that you seek independent financial advice before you make an application.

Q. Can someone else join the application to buy?

- A.** It may be possible for someone else to join the application. They would need to be a family member who has lived in the property for a minimum of 12 months before you make an application. Proof that they have lived in the property will be required at the time you make the application. It is worth noting that they must be an immediate family member to join.

Q. I would like to buy my own home, but I'm not sure this is the property I want to buy. Are there any other schemes that you can help me with to buy a home?

- A.** The government has many different schemes to enable people to get a foot on the property ladder. You can check what's available in your area by searching the Help to Buy website – www.help-tobuy.gov.uk



Q. What happens if I can't afford to keep up with repayments, will the local authority let me be a tenant again?

- A.** If you cannot afford to keep up repayments on your mortgage, the bank may repossess your home. You wouldn't necessarily be rehoused by the local authority and would have to make a fresh application to be placed on the housing waiting list. Therefore, it is extremely important that you think of all the possibilities which may happen over the coming years to make sure buying the property is right for you.

Completing the RTB1 form

This part of the guide has been compiled to assist you in completing your Right to Buy application form (RTB1). It is designed to guide you through the application ensuring you provide full and accurate information, and to make sure you provide all the documents required when making an application.

Please ensure that you read all the supporting information fully before completing your application form and please remember to use capital letters – this will enable us to process the application more swiftly.

Part A: The property

Please ensure you complete the address field in full including the postcode.

The name of your landlord is Folkestone & Hythe District Council.

Part B: The tenant(s) and family member(s) wishing to share the Right to Buy

You need to include all the names of the named tenants and whether they want to buy the property or not. If you are unsure about who holds a tenancy, then please contact the council.

You also need to include all the members of your family who live in your home, and whether they wish to be included on the application or not.

Please note any tenants who do not wish to be part of the application will lose their tenancy with no guarantee that they will be rehoused by the local authority.

Part C: Qualification and discount

Please ensure you complete all the information regarding your current tenancy and any previous qualifying tenancies that you have held.

You need to ensure that you complete every field as accurately as possible. Failure to complete this properly will result in you not receiving the full amount of discount which you may be entitled to.

It's also important to complete the 'Authority to disclose' part of the section. This will enable us to seek information of tenancies you've held elsewhere. Without this section being completed we will not be able to get the information required to confirm your tenancies.

Part D: Previous discount

If you have previously bought a property under the Right to Buy scheme or any other government scheme then you need to complete this section.

If you have not previously bought a property under the Right to Buy scheme or any other government scheme then you do not need to complete this section.

Part E: Tenants' improvements

If you or a family member has made any significant improvements to your home that you wish to be taken into consideration when the property is valued, please provide full details in this section.

You should not include any works that have been undertaken by Folkestone & Hythe District Council.

Completing the RTB1 form continued

Part F: Signatures

All tenants wishing to buy must sign the application form on page 10. You need to complete your full name, date of birth, contact telephone number and email address (if one is available). Each signature should be dated. Tenants not wishing to be included in the application need to sign the form at the top of page 11 and include their full name, date of birth, and date of signature. Family members wishing to share the Right to Buy should sign the application in the lower signature boxes on page 11 and include their full name, date of birth, and date of signature.

It's very important to sign in the correct places. Failure to sign in the correct places may mean that your application is rejected.

Before you submit your application, please use the check list within the form to ensure it is completed correctly. Failure to complete the form correctly may result in delays in processing your application and it may also lead to your application being rejected.

Other documents you will need to submit with your application

Along with the completed RTB1 form, you will need to complete and submit an insolvency declaration form. This form needs to be completed by everyone who wishes to join the application.

We will require the following evidence for each of the applicants to be submitted with the application.

For each named applicant we would require one of the following proofs of ID:

- **Full UK or EU driving licence including photograph.**
- **A 10 year UK or EU passport.**
- **An EU identity card.**
- **A UK identity card for foreign nationals/residence card.**
- **UK certificate of naturalisation.**

We will also require you to submit three of the following for proofs of residency:

- **P45, P60 or a payslip indicating the address.**
- **A current benefit or pension claim letter, card, or book.**
- **A utility or council tax letter.**
- **A bank or credit card statement.**

All documents must show the residential status of each applicant over a 12 month period. For example you could send in, one bank statement from 01/01/19, a council tax letter 06/04/19, and a utility bill for 09/12/19. All three documents would cover a 12 month period.

If you have held previous tenancies, then you must also supply one of the following for each tenancy that you have held:

- **Letter/tenancy from previous social landlord confirming your tenancy.**
- **Confirmation letter from a previous social landlord stating that the tenant held a tenancy and from what dates.**
- **A copy of the tenancy document.**

Useful contacts

You may find the following contacts useful when thinking about buying your home.

Money Advice

The Money Advice Service is an independent organisation set up by the government. The service provides free, impartial advice on a range of financial matters. This includes tips and tools to help you budget, choose a mortgage and work out whether you can afford monthly repayments.

0300 500 5000

www.moneyadviceservice.org.uk

Citizens Advice

03444 111 444

www.citizensadvice.org.uk

Mortgage Advice Bureau

0800 085 0118

www.mortgageadvicebureau.com/contact-us

Buying a leasehold property

The Leasehold Advisory Service (LEASE) provides free, unbiased advice on leasehold properties, including guidance on service charges and ground rent.

020 7832 2500

www.lease-advice.org

Right to Buy agent service

The government's Right to Buy agent service offers free and impartial advice on Right to Buy. If you decide home ownership is the right choice for you, the service can help you through the process of buying your home, including providing information on finding a mortgage and appointing a solicitor. Right to Buy advisers are available from Monday to Friday, 9am to 6pm, and you can phone or speak with them online.

0300 123 0913

www.righttobuy.gov.uk

Help to Buy

Help to Buy is a UK government scheme run jointly by HM Treasury and the Ministry of Housing, Communities and Local Government. The scheme is delivered in partnership with the Homes and Communities Agency and UK Asset Resolution. The scheme's products are available through appointed Help to Buy agents and mortgage lenders who have signed up to the scheme.

www.helptobuy.gov.uk

Housing Ombudsman Service

0300 111 3000

www.housing-ombudsman.org.uk



Folkestone & Hythe
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