

EastendHomes

LEASEHOLD / FREEHOLD PURCHASE POLICY

1. STATEMENT OF INTENT

1.1 EastendHomes recognises that:

1.1.1 former secure tenants of London Borough of Tower Hamlets transferred to us have the preserved Right to Buy on their home; and

1.1.2 assured tenants who became tenants after transfer of properties from the London Borough of Tower Hamlets have the Right to Acquire their home.

1.2 Where tenants have the right to purchase their home under either scheme, we will offer assistance and advice.

2. THE PRESERVED RIGHT TO BUY

2.1 Most assured tenants who were previously secure tenants of London Borough of Tower Hamlets when their home was transferred are eligible to purchase their property with a discount. The exceptions applicable are detailed in 2.2.1-2.2.4. Discounts will be applied if the applicant has been a public sector tenant for at least 2 years, living in the property as their only or main home.

2.2 The Preserved Right to Buy provisions will not apply to:

2.2.1 new tenants. Most new tenants will have the Right to Acquire (see the Right to Acquire section in paragraph 3);

2.2.2 those who did not have a secure tenancy at the time of transfer of housing from the council to us;

2.2.3 the following property types:

- a. The property is specifically designated for the elderly, disabled or mentally ill/disabled
- b. The property is on land which has been bought for development and is being used for temporary accommodation prior to the land being developed
- c. Homes which we have leased from someone else and which have to be given up empty when the owner wants them
- d. Temporary lettings to people who were not secure tenants in their previous homes which are being repaired or improved
- e. Almshouses.

This is not an exhaustive list. We will let you know when you apply; and

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- 2.2.4 the following assured tenants who were previously secure tenants of London Borough of Tower Hamlets when their home was transferred.
- a. The tenant is an undischarged bankrupt or has a bankruptcy petition pending
 - b. A possession order stating the tenant must leave the home has been made by the court
 - c. The tenant is our employee who needs to live in the home owned by us so they can be near their work
 - d. The tenant is a member of a police force whose home has been provided free from rent or rates
 - e. The tenant is a fire authority employee who needs to live near to the station they work in and whose home has been provided by their employer
 - f. Tenancies given to students so they can follow certain full-time courses at university or college. This does not usually apply if the tenancy continues for more than 6 months after the student stops attending the course.
 - g. Temporary tenancies given to people moving to an area to take up a job offer. This does not normally apply if they are still living there after one year.
 - h. Tenancies for homeless people under section 193 of Housing Act 1996
 - i. Tenancies of people who used to be squatters but have now been given a licence to occupy a home
 - j. Long fixed-term leases (of over 21 years)
 - k. Temporary lettings to people who were not secure tenants in their previous homes which are being repaired or improved.

This is not an exhaustive list. We will let you know when you apply.

2.3 The maximum discount available is £16,000. Please see limits on the discount in 2.3.2. Discount levels are also dependent on whether you are buying a house (see 2.3.3) or a flat (see 2.3.4).

2.3.1 There are a number of factors which limit the discount applied. These include:

2.3.1.1 previous Right to Buy Purchases: If a tenant has previously received a discount to help them buy a home this may be taken off the discount for which they are eligible under the preserved Right to Buy.

2.3.1.2 the cost floor: The available discount is limited by the Cost Floor rule. The Cost Floor rule is applied if repair or maintenance works have been carried out to the property in the previous 10-11 years. Under the Cost Floor, the greater the cost of works carried out, the lower the discount given. For example:

- The maximum discount of £16,000 is calculated for a tenant
- The market value of the property is £35,000
- If £10,000 had been spent on building and repairs for the property that was being purchased in the previous 11 years, this will be deducted from the discount of £16,000 thus leaving £6,000 reduction from the property valuation price.

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2.3.2 **For a house.** The discount is calculated at 32% after 2 years. The discount then rises by 1% each additional year. It can be up to or 60% of the market value of the house. For example:

Length of Tenancy	House Discount
2 years	32%
5 years	35% (32 % for 2 years, plus 3 years at 1% per year)
10 year	40% (32 % for 2 years, plus 8 years at 1% per year)
30 years	60%

The maximum discount for a house must not exceed £16,000 and is also dependent on the cost floor rule outlined in paragraph 2.3.1.2

2.3.3 **For a flat.** The discount is calculated at 44% after 2 years. The discount then rises to 2% for each additional year. It can be up to or 70% of the market value of the flat. For example:

Length of Tenancy	Flat Discount
2 years	44%
5 years	50% (44% for 2 years, plus 3 years at 2% per year)
10 year	60% (44% for 2 years, plus 8 years at 2% per year)
30 years	70%

The maximum discount for a flat must not exceed £16,000 dependent on the cost floor rule outlined in paragraph 2.3.1.2.

2.3.4 If the property is resold within 3 years of buying it part or all of the discount will usually be repayable at the following rates:

Within the first year	Repay all discount received
Over year 1 and up to year 2	Repay 1/3 rd of the discount received
Over year 2 and up to year 3	Repay 2/3 rd of the discount received
Over 3 years	No repayment of discount

2.4 Anyone with a succession of tenancy after the property has been transferred from the London Borough of Tower Hamlets will have a Right to Acquire. They will not have a right to buy. See paragraph 3 below.

3. RIGHT TO ACQUIRE

3.1 Most assured tenants will have the Right to Acquire, if they live in a qualifying property. A qualifying property is one that has been built or purchased with public funds or transferred to EastendHomes from the London Borough of Tower Hamlets. If EastendHomes does not own the freehold of the property, the freeholder must also be a public sector landlord for the property to qualify.

- 3.2 The Right to Acquire provision will not apply to:
- a. properties where the landlord is a co-operative housing association
 - b. properties where we do not have sufficient legal interest to be able to give a lease of more than 21 years for a house or 50 years for a flat
 - c. tied accommodation occupied because the tenant is employed by us or another social landlord
 - d. the home is one of a group designed with special features for letting to people with physical disabilities
 - e. the home is one of a group of homes let to tenants who are suffering or have suffered from a mental disorder where social services or other special facilities are provided
 - f. a home that is one of a group of homes particularly suitable for elderly people and is let to a person aged 60 or more
 - g. a property valued at less than the landlord's loan for that property

This is not an exhaustive list. We will let you know when you apply.

- 3.3 As well as occupying a qualifying property the tenant must also have spent a total of 2 years as a public sector tenant before 18 January 2005, or 5 years on or after that date, and live in a house or flat which is a self-contained property as their only or main home.
- 3.4 Joint tenants can buy their home together. Tenants may also include up to 3 members of their family, if they have lived with the tenant for at least 12 months before the application to acquire is made.
- 3.5 Discounts under the Right to Acquire are fixed amounts published by the government. They are at the same rates as the preserved Right to Buy shown in paragraph 2.3. above.
- 3.6 If the applicant has previously received a discount to help them buy a home, this may be taken off their Right to Acquire discount.
- 3.7 Discounts are repayable at different rates within the first three years of the purchase, at the same rates as with preserved Right to Buy shown in paragraph 2.3.4 above.

4. HOMEOWNERS' RESPONSIBILITIES

- 4.1 The purchase of any home is a long-term commitment and probably the largest financial commitment anyone will make. It is important that any tenant wishing to buy is advised on the implications of owning a property. EastendHomes will advise tenants seeking to buy to obtain independent legal and financial advice before doing so.
- 4.2 EastendHomes will provide all applicants under the Right to Buy or Right to Acquire with a copy of the Leaseholders' Handbook, an EastendHomes document with information to aid in the scope of responsibilities entailed in owning a property. In addition, EastendHomes will make available, or inform applicants of how they can access, copies of the documents "Your Right to Buy Your Home", distributed by the Department for Communities & Local

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Government; and “The Right to Acquire”, published by the Housing Corporation. Copies of “Your Right to Buy Your Home” can be provided in community languages such as Bengali or Urdu on request.

- 4.3 Through these documents and other appropriate methods such as providing information on the corporate website, EastendHomes will seek to ensure that purchasers of property under the Right to Buy or Right to Acquire familiarise themselves with the terms of their lease. This includes but is not limited to their responsibilities with regards to:
 - 4.3.1 contributing to the services, maintenance and repair of their block and estate through the service charge; and,
 - 4.3.2 contributing towards the cost of major works to their block and estate. Where appropriate this can include repairing and replacing roofs.
- 4.4 When a Right to Buy or Right to Acquire application is received, EastendHomes will carry out a mandatory face-to-face interview with the applicant to advise them of these responsibilities and ensure that they are understood.