

Buying your home

A guide to the Right to Acquire

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The Right to Acquire is a scheme giving some tenants of Housing Associations the legal right to buy the home they currently rent. However, not all of SHAL's properties and tenants are eligible for the scheme.

Property

The Right to Acquire only applies to property built or purchased with public funds, or transferred by a local authority, after 1 April 1997. However, there are exemptions:

- Properties in certain parishes ("Designated Rural Areas")
- We do not own the freehold of the property
- The property is valued at or below our outstanding loan for that property
- We have published our intention to demolish the property within 7 years, or served a notice that we intend to demolish it within 2 years

Please call SHAL if you're not sure your property is eligible.

Tenant

You need to have spent a total of 3 years as a public sector tenant but you will not be able to claim the Right to Acquire if you are:

- An undischarged bankrupt, or have a bankruptcy petition pending against you
- The subject of a possession order served by the court, at our request
- Subject to a formal creditors agreement made under the Insolvency Acts

Your Right to Acquire can be suspended on the grounds of anti-social behavior.

If you are a joint tenant you will normally be buying with the other tenant. However, you may also include up to three members of your family provided they live with you and have been at your address for 12 months before you make your claim.

Discount

You will receive a discount off the price of your home. The level of discount is fixed by the Government. If you have previously received a similar discount, the amount of discount under the Right to Acquire scheme will be reduced by that amount. The discounts are currently fixed at £10,000 (Mendip, Sedgemoor, South Somerset and West Somerset) and £11,000 (Taunton Deane).

For example, if the property (in Sedgemoor) was valued at £160,000 this would be discounted by £10,000 making the purchase price: £150,000. If you disagree with the valuation of the property you can ask us for a revaluation by the District Valuer, whose decision is final.

Costs

There are costs involved in purchasing your home including:

- Survey and legal costs (there may be fees payable relating to your mortgage application, especially if you fix your interest rate or get independent financial advice)
- Stamp Duty Land Tax (if you're buying your first home you can claim a discount)
- Land Registry

If you claim the Right to Acquire but the sale doesn't complete we can deduct the costs of abortive valuation, legal and survey fees from the proceeds of any subsequent sale.

There will also be costs involved in keeping your home including:

- Insurance (including buildings insurance, life assurance, contents insurance, mortgage payments protection insurance)
- Repairs and maintenance, including
 - Replacement fences, kitchens, bathrooms, servicing and replacing boilers, roofs, windows and doors
 - All unplanned day to day repairs and maintenance including electric, heating, plumbing and carpentry repairs

Mortgage

The costs (above) will be in addition to your monthly mortgage and interest repayments. For example, if you borrowed £150,000 over 25 years with an interest rate of 3.5% your monthly payments would be £751 and you would end up paying over £225,000. Interest rates can go up as well as down and your monthly payments may not always be the same. Your lender may repossess your home if you fail to keep up your repayments.

For example, if you had a balance of £100,000 with 15 years left to pay and an interest rate of 3.5% your monthly repayments would be £715. A 1% rise in interest rates would increase your monthly repayments to approximately £765. A 2% rise in interest rates would increase your monthly repayments to approximately £817.



Selling up and moving on

You may sell your property whenever you wish, in just the same way as other homeowners. However if you sell within 5 years of the date of purchase you will need to make a repayment to SHAL. The calculation for the repayment takes into account any change in the valuation of the property since you purchased it, together with the length of time since the property was purchased.

If sold within	% of discount repayable
1 year	100%
2 years	80%
3 years	60%
4 years	40%
5 years	20%
<i>More than 5 years</i>	<i>0%</i>

If you bought a property for £100,000 a discount of £10,000 would be 10% of the value of the property. You would have to pay a proportion of 10% of the new value of the property if you decide to sell in the future.

If sold within	New value of property	% of discount repayable	£ repayable
1 year	£125,000	100%	£12,500
2 years	£150,000	80%	£12,000
3 years	£175,000	60%	£10,500
4 years	£200,000	40%	£8,000
5 years	£225,000	20%	£4,500
<i>More than 5 years</i>	<i>£250,000</i>	<i>0%</i>	<i>£0</i>

No amount is repayable if sold after 5 years. However, if you decide to sell your property within 10 years of the date of purchase you are required to offer SHAL the "Right of First Refusal" to purchase back the property at the current market value.

How long does it take?

Any purchase is expected to be completed with 3 months of receiving your offer. We can serve you with a formal Notice to Complete. If the sale is not completed within the time given we will consider your application withdrawn.

If you would like to claim your Right to Acquire please call SHAL on 01278 444344 to discuss your application. You will need to complete an application form which is available online.

Further information

[Guide to the Right to Acquire \(Homes England, May 2015\)](#)

SHAL Housing Limited
Crypton House, Bristol Road, Bridgwater, Somerset, TA6 4SY
www.shal.org