

Right to Acquire (RTA) Policy

1. Summary

- 1.1. The Right to Acquire is a statutory scheme which offers tenants the opportunity to purchase the home they currently rent from SHAL at a discount, provided that both they and the home are eligible.
- 1.2. The discount is fixed and varies geographically, it is set out here [Statutory Instrument 2002 no. 1091](#)
- 1.3. This policy ensures that SHAL complies with the law in relation to tenants' rights to buy their home.
- 1.4. Eligible tenants can obtain the full discount if they have never received any form of public subsidy to help them purchase a property previously. Tenants who have received some form of public subsidy remain entitled to their Right to Acquire discount, but it will be reduced by the amount of subsidy they've previously received.
- 1.5. The Right to Acquire applies to the following homes:
 - 1.5.1. Homes bought with the Social Housing Grant after 31 March 1997
 - 1.5.2. Homes transferred from a Local Authority after 31 March 1997
 - 1.5.3. Homes provided using the Disposals Proceeds Fund
- 1.6. The Assets and Liabilities register indicates which homes are eligible for the Right to Acquire and which are exempt. This information is also found on the 'property data sheet' which is provided to all new tenants at the point of a tenancy sign up.
- 1.7. This policy complies with S180-185 of the Housing and Regeneration Act 2008 (as amended by S15 of the Localism Act 2011) and S16-17 of the Housing Act 1996 and the Statutory Instrument Act 2002 no. 1091.
- 1.8. Further information can be found here: <https://www.gov.uk/guidance/capital-funding-guide/10-right-to-acquire#sec43>

2. Objectives

- 2.1. This policy seeks to ensure that SHAL executes the Right to Acquire as intended by the law and within the necessary timescales.

3. Details

- 3.1. SHAL has published 'Right to Acquire – information for tenants' which can be found at annexe 1 of this policy.
- 3.2. Any tenant wishing to purchase their home via the Right to Acquire will confirm that they have not received a previous discount by declaring this on a completed RTA1 form.
- 3.3. Proceeds from Right to Acquire sales are reinvested in line with SHAL's objectives and purpose. Receipts are not added to the Disposal Proceeds Fund.
- 3.4. Right to Acquire only applies where the following criteria are met:
- 3.4.1. The tenant has been a public sector tenant for a minimum period of 3 years (previous tenancies count and the period does not need to be continuous)
- 3.4.2. The tenant holds an Assured tenancy
- 3.4.3. The property is an eligible property paid for by Social Housing Grant, Social Housing Assistance, Disposals Proceeds Fund or a combination, on or after 31 March 1997.
- 3.5. Where a tenancy is held in joint names, either joint tenant can apply to exercise their Right to Acquire. SHAL will need evidence in writing that the joint tenant not exercising their right has consented to the purchase. The home must be the only and principal home of the purchaser.
- 3.6. Tenants may apply to jointly purchase their property with up to 3 members of their family who live with them in the property. All family members must have lived in the property for at least 12 months prior to the application.
- 3.7. If the tenant is purchasing the property with a mortgage, the mortgage must be provided by a qualifying lending institution.
- 3.8. Tenants will be ineligible for the Right to Acquire in the following circumstances:

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- 3.8.1. If they are undischarged bankrupt or have a bankruptcy petition logged against them, or have an agreement with creditors where the terms remain to be fulfilled
- 3.8.2. If they are subject to a Court Order for possession of the property
- 3.8.3. If they are subject to a ‘Suspension Order’ or ‘Suspension Status’ for anti-social behaviour (ASB). The suspension status will be applied where there is Anti-Social Behaviour or the threat of Anti-Social Behaviour. This includes using the premises for illegal or immoral purposes. Extensions will be applied for where ASB is ongoing or threatened or where it has been less than 2 years since it was committed. Reasons and evidence will be documented and kept on the digital tenancy file and provided to the tenant. This does not affect the qualifying period.
- 3.9. Tenants must meet the eligibility criteria at the date of their application and at exchange of contracts.
- 3.10. SHAL will investigate every application for the Right to Acquire thoroughly. We will meet with the tenant and anyone else who is applying with them at the property. During this initial meeting we will:
 - 3.10.1. Obtain photographic ID for each person named on the application
 - 3.10.2. Obtain evidence of income for each person named on the application – this should be 3x months bank statements and payslips where necessary
 - 3.10.3. Obtain consent to complete a credit check for each person named on the application
 - 3.10.4. Complete a full property inspection and confirm that the tenant and anyone named on the application are using the property as their main and principle home
- 3.11. If the property has been acquired under the Mortgage Rescue Scheme the tenant (the previous owner) must fulfil a 5-year qualifying period.

- 3.12. Properties are exempt if they are designated rural properties, or the outstanding loan is higher than the value of the property. This information is indicated on the Assets and Liabilities register and will be confirmed by obtaining legal advice.
- 3.13. SHAL will deduct actual valuation, legal and survey fees from the gross proceeds of sale. If the sale does not proceed, the costs will be carried forward and added to any subsequent sale fees.
- 3.14. SHAL will claim the grant to cover the Right to Acquire discount from Homes England within six months of the date of sale. Please see <https://www.gov.uk/guidance/capital-funding-guide/7-grant-recovery> of the grant recovery chapter for information on how capital grant attributable to a property is recycled.

3.15. Repayment of the Right to Acquire Discount

- 3.15.1. The Right to Acquire discount is repayable if the home is sold within five years from the date of purchase. The amount to be repaid reduces each year.
- 3.15.2. Following the original purchase, the discount is treated as an equity investment – a share in the property. The amount to be repaid is based on a percentage of the resale value equal to the percentage of the discount received by the tenant on purchasing the property. Repayment is as follows:
- a Sale within 1 year: an amount equal to the % value as above
 - b Sale within year 2: 80% of the amount calculated above
 - c Sale within year 3: 60% of the amount calculated above
 - d Sale within year 4: 40% of the amount calculated above
 - e Sale within year 5: 20% of the amount calculated above
 - f No repayment is required after year 5
- 3.15.3. Please see below for a worked example:

- a Market value of the property at initial purchase = £160,000, the available discount = £16,000. The discount expressed as a percentage would equate to 10% of the property's market value.
 - b The property value subsequently rises and is sold for £180,000 during year 1. Repayment is calculated on using the original percentage value, that is, current value £180,000 x 10% = £18,000.
 - c If the same property was not sold until year 3 when its value was £220,000, the repayment due would be £220,000 x 10%, = £22,000, x 60% = £13,200.
 - d Where property values fall the same calculation method is to be followed. Continuing the above example, if the property value dropped to £150,000 and was sold within year 1 the repayment would be £150,000 x 10% = £15,000.
- 3.16. Any discounts recovered are retained by the landlord. It is assumed that any grant liability attached to the property would have been recovered at the point of sale (in accordance with the Grant Recovery chapter).
- 3.17. Not all sales trigger the repayment of discount. Exempted disposals are detailed in the Housing (Right to Acquire) Regulations 1997. Providers should seek legal advice to ascertain whether or not a disposal can be treated as exempt for repayment purposes.
- 3.18. The following is a brief summary of those disposals Homes England considers would be exempt from the repayment provisions:
- 3.18.1. Disposal to any member of the family who joined in the original application or who has resided in the property twelve months immediately before the date of disposal
 - 3.18.2. Disposal to a spouse
 - 3.18.3. Disposal to a person under the terms of a will or on a intestacy
 - 3.18.4. Disposal arising from compulsory purchase by a public body

- 3.18.5. Disposal of the whole of the property in pursuance of an order under Section 24 of the Matrimonial Causes Act 1973
- 3.18.6. The above is for guidance only, and providers should consider seeking a legal opinion as and when required.
- 3.19. Waiving repayment of Right to Acquire discount
 - 3.19.1. Providers have discretion to waive repayment of some or all of the discount, regardless of when the tenant originally acquired the property as per [section 185 of the Housing Act 2004](#).
 - 3.19.2. Such discretion must only be used in exceptional circumstances. It is for providers to decide whether the circumstances of individual cases would justify the exercise for discretion. Providers will be expected to establish and maintain procedure for:
 - 3.19.3. Considering cases
 - 3.19.4. Making decisions
 - 3.19.5. Ensuring the process is open, fair and transparent
- 3.20. Providers should bear in mind the possibility of a judicial review or Independent Housing Ombudsman scrutiny. Please see guidance below.
- 3.21. Providers should decide what procedures to use and whether their decisions should be subject to an internal review process, and if so by what means. Options might include deciding on the basis of written representations or holding formal hearings (in which case allowing the applicant to bring a representative or adviser).
- 3.22. When considering waivers, landlords should bear in mind the net cost to the public purse, and clear decisions with their auditors. Please refer to the guidance for further information.
- 3.23. The Regulator of Social Housing's Governance and Financial Viability standard requires providers to safeguard taxpayers' interests and the reputation of the sector.

- 3.24. Use of discretion is most likely to be justified in circumstances where demonstrable personal hardship would otherwise result. In each case it will normally be necessary to establish both the facts justifying a move, and that such a move could not take place unless part or all of the discount repayment were to be waived. Please refer to the guidance below for further information.
- 3.25. Examples of such circumstances include the following:
- 3.25.1. Where an owner of the property wishes to move because otherwise he or she and/or other family members (especially children) face a demonstrable threat of violence or of significant harm; for example, due to:
 - 3.25.2. Relationship breakdowns involving actual or threatened domestic violence
 - 3.25.3. Racial, faith, homophobic or any other kind of harassment or
 - 3.25.4. Extreme anti-social behaviour, such as persistent drug dealing in an adjoining or nearby property
 - 3.25.5. Where the sudden onset of a severe medical condition or serious deterioration of an existing condition makes a move essential on medical grounds
 - 3.25.6. Where an early move is essential to return to employment; for instance where an individual has a firm offer of a job in another area and would thereby be able to return to work, either:
 - 3.25.7. After long term unemployment or
 - 3.25.8. After having been made redundant, when his/her skills are such that there is no prospect of getting another job locally
 - 3.25.9. Where a traumatic personal event (for example, sudden bereavement) makes a move essential for emotional or psychological reasons
 - 3.25.10. Evidence supporting any decisions should be clear and objective, e.g. from a local police force, doctor, psychiatrist or employer

3.26. Disregarding improvements for Right to Acquire discount repayment

- 3.27. Any increase in a property's value that is solely attributable to improvements made by the owner after acquiring it, is to be disregarded for the purpose of calculating any discount repayment if the property is then sold within the five-year repayment period. This allows owners to obtain full value for the improvements and not be penalised for improving the property. Providers must brief the valuer accordingly when instructing them to undertake valuations.
- 3.28. Where the value of any improvements is disputed, providers must refer the matter to a qualified independent valuer to arbitrate, where it is reasonably practicable to do so. Any costs associated with reference to the valuer are to be borne by the person disposing of the property. If the arbitrating valuer does not make a determination, no disregard for the value of improvements is allowed.

4. Outcomes

- 4.1. Tenants and staff will be clear on the eligibility criteria for Right to Acquire
- 4.2. SHAL will process Right to Acquire applications in line with the law and to the necessary timescales.

5. Consultation

- 5.1. A copy of this policy is available on our website to allow members of the public an opportunity to comment on its contents.
- 5.2. All tenants will be contacted to let them know of its availability online and a copy will be made available on request.
- 5.3. SHAL's involved tenant group will review the policy and suggest any comments and amendments to the board.

6. Equality and Diversity

- 6.1. We will treat all our customers fairly and equally. We will not, under any circumstances, discriminate against anyone because of:
- 6.1.1. Age
- 6.1.2. Being or becoming a transsexual person
- 6.1.3. Being married or in a civil partnership
- 6.1.4. Being pregnant or on maternity leave

- 6.1.5. Disability
 - 6.1.6. Race including colour, nationality, ethnic or national origin
 - 6.1.7. Religion, belief or lack of religion/belief
 - 6.1.8. Gender
 - 6.1.9. Sexual orientation
- 6.2. We will understand the different needs of our customers and we will ensure our services are accessible to everyone and will make reasonable adjustments for people so that they can make full use of this policy and process.

7. Value for Money

- 7.1. For SHAL, value for money means delivering our purpose as efficiently, economically, equitably and effectively as possible.
- 7.2. This policy will provide value for money by ensuring that time and resources are not wasted and that SHAL uses complaints to improve its services efficiently and effectively.

8. Owner

8.1. Housing Manager

9. Version and Revisions

9.1. This policy will be reviewed every 3 year(s).

9.2. Revisions

New version	Date	Revision details