

## Want to make your home your own?

Your guide to buying your home under the Voluntary Right to Buy pilot



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## The Voluntary Right to Buy pilot

Under the new Voluntary Right to Buy pilot scheme, some housing association tenants may be able to buy their home from their housing association. You may be eligible for a discount of between 40% and 70% of the value of the property, up to a maximum of £77,900 whichever is the lower.

Most people dream of owning their own home but you must think carefully before you go ahead and apply. Buying your home is one of the biggest decisions that you will have to make and will affect all those who live in the property.

Buying can seem attractive, as you may benefit from an increase in property value. However, property values can go down and your property may be worth less than you paid for it.

Owning a property brings with it responsibilities, costs and financial commitments. These can include:

- repairs to the property (that are no longer included in your rent payment, as you now own the property)
- monthly mortgage payments
- service charges for the upkeep of the property or estate
- insurance costs.

If you fail to meet your commitments and responsibilities, you could lose your home.

You should, therefore, think very carefully before buying and get plenty of advice from independent advisors before deciding to go ahead.

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

Please note that the plans for Voluntary Right to Buy (and other legislation relating to the sale) are currently going through Parliament. We can only sell you your home when those laws have been put into force and we have the necessary consents and agreements we need from the Homes and Communities Agency.

Please note that if you have the Right to Buy or preserved Right to Buy (normally if your property has transferred from a local authority to a housing association) you will not qualify for this Voluntary Right to Buy. Please speak to us if in doubt.

If you have these rights and you want to apply or find out more, go to [www.righttobuy.communities.gov.uk/](http://www.righttobuy.communities.gov.uk/) or call **0300 123 0913**.

Some tenants and some properties are excluded from the scheme. We will let you know if this applies to you after you have completed your application form.

The pilot is limited to a certain number of sales.

We will ask you to pay an application fee of £250 (which will be refunded to you if you complete your purchase). If your property is excluded from the scheme or we are unable to sell it to you for legal reasons, we will refund the application fee to you.

Your application at all times is subject to completion.

Don't apply for a mortgage, instruct solicitors or make any other financial commitments until you have received an offer of discount letter from us. You will need to accept the offer within the required period, as these commitments will be incurred at your own risk.

## Thinking of applying?

### You don't have to do it alone.

You can make a joint application for the Voluntary Right to Buy Pilot scheme. So if you're eligible, you might be able to buy your home with:

- someone who shares your tenancy
- your husband, wife or civil partner
- up to three family members who have lived with you for the past 12 months.

Anyone you are buying with doesn't have to be on your tenancy agreement, but it must be their main home. We will ask for proof that they have lived in the property for at least 12 months and check that they do not own an interest in any other property.



## Could you be eligible?

### You could be eligible to buy your home if:

- 
- |   |  |
|---|--|
| <input checked="" type="checkbox"/> <b>You are one of our tenants and live in one of the areas selected for the Voluntary Right to Buy pilot scheme.</b>        | Riverside is considering applications from the following local authority areas: Liverpool, Halton, Knowsley, Sefton, St. Helens and Wirral.  |
| <input checked="" type="checkbox"/> <b>You don't already have the Right to Buy or Preserved Right to Buy.</b>   | If you do have these rights and you want to apply or find out more go to: <a href="http://www.righttobuy.communities.gov.uk/">www.righttobuy.communities.gov.uk/</a> or telephone <b>0300 123 0913</b><br>If you are not sure, please contact us to check before applying. |
| <input checked="" type="checkbox"/> <b>You have been a tenant of a housing association or public sector landlord, such as a council, for at least 10 years.</b> | If you have been a tenant for 10 years or more (it doesn't have to be 10 years in a row) you could qualify to buy the home that you currently live in. It must be your only or main home.  |
| <input checked="" type="checkbox"/> <b>You don't live in supported housing. If in doubt, please check with us before applying.</b>                              | There are some homes that you may not be able to buy under the scheme. If in doubt, please check with us before applying.  |
| <input checked="" type="checkbox"/> <b>Your home is not due to be sold, redeveloped, demolished or is part of a larger regeneration scheme in your area.</b>    | If in doubt, please check with us before applying.   |
| <input checked="" type="checkbox"/> <b>Your property is not subject to planning requirements which mean we can't sell it.</b>                                   | If in doubt, please check with us before applying.   |
| <input checked="" type="checkbox"/> <b>You don't have any legal problems with debt.</b>   | For example, if you are an undischarged bankrupt, have a bankruptcy petition pending against you or have obtained a debt relief order.   |
| <input checked="" type="checkbox"/> <b>You cannot buy your home if there has been a breach of your tenancy.</b>   | You have been served a notice seeking possession, there are any other tenancy or anti-social behaviour related court proceedings. Your rent account must be clear of any arrears when you apply to buy and throughout the duration of the application.                     |
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If you can answer **'yes'** to these statements, you may be eligible. However, some properties are exempt from sale under the Voluntary Right to Buy pilot. We will be able to confirm if we can sell you your property after we have checked your application.

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# What discount could you get?

## You may qualify for an even bigger discount

The longer you have been a tenant, the bigger the discount you get off the market value of your home – up to a maximum discount of £77,900 or 70% of the value, whichever is lower.

Discount levels for houses and flats start at 10 years of eligible tenancy, increasing for every year of tenancy, up to 70% of the property value.

For an idea of the discount that you may be able to get, please use the online Right to Buy calculator. Simply search 'Right to Buy calculator' or go directly to: [www.righttobuy.communities.gov.uk/right-to-buy-calculator/](http://www.righttobuy.communities.gov.uk/right-to-buy-calculator/)

You could also check out local estate agents and property search websites to get a rough idea of what your home could be worth.

You might get a lower discount if you previously bought another home through Right to Buy, or if we have spent some money on improving your home.

If you have made improvements to your home yourself, make sure you let us know (as part of the application form) so that we can reflect this in the valuation.

## House

Discounts start at 35% for 5 years' tenancy. Add 1% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years' tenancy = 40%, 20 years' = 50%).

### Buying a house

Example

<b>Current house value</b>	<b>£120,000</b>
<b>Years as a tenant</b>	<b>10 years</b>
<b>Eligible discount</b> (35% + 1% for each year over 5 years)	<b>40%</b>
<b>Discount value</b>	<b>£48,000</b>
<b>Price you pay for house</b> (£120,000 less £48,000)	<b>£72,000</b>

## Flat

Discounts start at 50% for 5 years' tenancy. Add 2% for each extra year of tenancy up to 70% or the cash maximum, whichever is lower (e.g. 10 years' tenancy = 60%, 15 years' = 70%).

### Buying a flat

Example

<b>Current flat value</b>	<b>£100,000</b>
<b>Years as a tenant</b>	<b>10 years</b>
<b>Eligible discount</b> (50% + 2% for each year over 5 years)	<b>60%</b>
<b>Discount value</b>	<b>£60,000</b>
<b>Price you pay for flat</b> (£100,000 less £60,000)	<b>£40,000</b>



## Understanding the costs of home ownership

For most people, buying a home is the biggest investment they will ever make. It's an exciting time, but there is a lot to think about.

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 home ownership as early as possible, before you get too far into the Voluntary Right to Buy process. You are responsible for how you finance your Voluntary Right to Buy – we can't arrange this for you.

This section provides an overview of the costs as well as where you can get more information and free, unbiased advice.

There's a checklist on pages 12 and 13 that can help get you started.

### **Remember**

The plans for the Voluntary Right to Buy (and other legislation which relates to the sale) are currently going through Parliament. We can only sell you your home when those laws have come into force and we have the consents and agreements we need from the Homes and Communities Agency. You will be making an application at your own risk.

## Can you afford it?

### 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, whether you're buying alone or with someone else.

You agree with the lender how long you need the mortgage for and whether you can afford the monthly payments.

When deciding the period your mortgage will be paid over, remember that when you retire this could affect how much you can afford for mortgage payments.

The type of property you live in can also affect whether you can get a mortgage – for example, some lenders won't lend money on a flat in a high-rise block.

Even if you don't need a mortgage yourself, it's worth checking whether lenders are willing to give mortgages on the type of property you are buying. You may want to sell in the future to someone who does need a mortgage.



# Things to consider before you buy

## Finding the best option for you

There are different mortgage options available from different lenders. For example, some will treat your Voluntary Right to Buy discount as your deposit, while others will not.

It's worth shopping around to compare the deals available to you, and get impartial advice before making up your mind. The Money Advice Service is a good place to start – they provide free, unbiased advice.

You could also look at comparison sites and online calculators to help you get an idea of costs. The Money Advice Service offers a useful mortgage calculator on their website. This will provide an indication of approximate mortgage costs. Simply search 'Money Advice Service mortgage calculator' or go directly to:

**[www.moneyadviceservice.org.uk/en/tools/mortgage-calculator](http://www.moneyadviceservice.org.uk/en/tools/mortgage-calculator)**

You could also talk to a bank, building society, mortgage broker or an independent financial adviser (IFA). Some brokers and advisers charge for their services, so ask before appointing them. Whoever you speak to, make sure they are regulated by the Financial Conduct Authority (FCA).

Many lenders will also charge a fee to set up a loan or mortgage. Make sure that you understand the terms and all the costs involved before you commit to anything.

Check out carefully any person or company offering to help you buy your home as some of them may charge a fee. The company may be offering a deal which is far better for them than for you.

- Shop around
- Check out carefully anyone offering to help
- Get advice
- Check all the costs upfront (the cheapest quote may not be the best one for you)

**Please remember that we cannot sell you your home until Parliament agrees and it becomes law. Do not apply for a mortgage, instruct solicitors or make other financial commitments until you have received an offer of discount letter from us. You will need to accept it within the required period, as any costs incurred will be at your own risk.**

## Other costs of buying a home

**There are some one-off costs when buying your home, as well as ongoing costs. Costs below are correct at time of publication and are only provided as a guide.** See our useful contacts on page 16 for more information.

### One-off costs

#### Mortgage advice

You may choose to get advice from an independent financial adviser or mortgage broker. Costs vary and may be a set fee or percentage of the loan.

#### Survey

You may want to get an independent survey done. This will highlight any problems (such as repairs) you will need to know about before you buy.

Costs can vary depending on the type of survey. Typically they start at around £250 for a basic valuation survey.

#### 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, and are typically around £750 and upwards.

#### Stamp duty

This is a one-off tax you pay when you buy a property. The amount is usually based on a percentage of the purchase price and varies according to the property value. Stamp duty does not apply to properties under a certain value (currently £125,000).

### Ongoing costs

When you buy your home, you take on some ongoing costs and responsibilities that you might not have had as a tenant.

#### Maintenance and repairs

As a homeowner, your landlord will no longer organise repairs to your home. You will need to arrange and pay for these yourself. This could include electrical and plumbing jobs through to more expensive repairs such as a new boiler or repairing your roof.

It's a good idea to set aside some money each month for maintenance and repairs. Be aware that you may need permission for some changes (such as planning permission for an extension), so check before you get started.

#### Service charges

If you pay us service charges now, you will probably be required to continue to pay us service charges in the future. This is so that we can still provide services to everyone.

Flats (and some houses) are leasehold properties. When you buy a leasehold property, the freeholder (usually us) will still be responsible for maintaining the building and the surrounding, communal areas – as defined in your lease.

As a leaseholder, you will pay your share of these costs – known as the service charge. When major repairs and maintenance are needed in your block or estate, you'll have to pay a share of the costs too.

This can be several thousand pounds if, for example, a new lift or windows are needed.

To help you budget, if we propose to charge a service charge we will give you an estimate of the first year's service charges. If the actual costs prove to be more than the estimate, you will need to pay more. If the actual cost is less than the estimate, we will credit your service charge account with the overpayment.

If your service charges include maintenance of your building (usually for flats), we will also provide details of the last 3 years' service charges, if available.

After 1 year, the service charge can rise to reflect actual costs. Your landlord must consult with you before starting any major works. Before you buy, ask about any long-term plans for repairs, work or improvements to your block or the surrounding area.

## Home improvements for leaseholders

You may need permission from us as your freeholder to make certain changes to your property. These should be set out in your lease – check it carefully with your solicitor before you sign it.

The same rules apply to all leases (whether it's a council or a private property).

### Where to get help if you're thinking of buying a leasehold property

It's worth talking to local leaseholders to learn about their experience of service charges in your area.

Free information and advice is available from the Leasehold Advisory Service. You'll find their contact details on page 16.

### Insurance

You may already have insurance for the contents of your home. As a homeowner you will also need to insure the building (if you are a leaseholder you will pay your share of this cost).

You may also want to get income protection or life insurance in case anything happens to you while you're paying off your mortgage or loan. Some lenders insist on this when they give you a mortgage.

### Other considerations

As a homeowner it is unlikely you will be eligible for housing benefit.

Your home could be at risk if you aren't able to keep up your mortgage or loan payments.

### Checklist

- Check if you are buying a leasehold property and look into the costs.
- Work out your monthly outgoings – don't forget to include all your living costs, such as food and clothes.
- Set aside some money each month for maintenance and repairs.
- Think about what you'll do if things change in the future.
- Fill out the table on pages 12 and 13

### Selling or transferring your home later

Once you buy your home through the Voluntary Right to Buy pilot scheme, you can sell it whenever you want. However, there are some things that you need to know:

#### If you sell within 5 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 live in a rural area

You may only be allowed to sell your home to somebody who lives or works locally. Please ask us if you are unsure about this.

## Working out the costs

Being a homeowner can bring many benefits, but it also brings important responsibilities. Use this section to help you work out the costs, benefits and drawbacks of home ownership for you. Fill out the table below to help you work out your current monthly outgoings as a tenant, and compare that with the costs of being a homeowner. When working out what you can afford, it's important to put in all of your outgoings, such as food, clothes, utility bills, phone and car.

### One-off costs when you buy (see page 10 for details)

Legal fees £	Stamp duty £
Survey fees £	Other costs £
<b>Total £</b>	

Income	Now (tenant)	Homeowner
Wages	£	£
Housing benefit	£	£
Other income	£	£
<b>Total</b>	<b>£</b>	<b>£</b>

Ongoing costs (monthly)	Now (tenant)	Homeowner
Mortgage or loan payments	£	£
Rent	£	£
Council tax	£	£
Utility bills (water, electricity, gas, telephone etc)	£	£
Insurance (buildings and content)	£	£
Life assurance and illness cover (if applicable)	£	£
Internal upkeep and maintenance (repairs to heating system, DIY etc, if applicable)	£	£
Major repairs or improvements (if applicable)	£	£
Service charges and ground rent (if applicable)	£	£
Other costs (living expenses, such as food, going out, clothes)	£	£
<b>Total</b>	<b>£</b>	<b>£</b>

	Now (tenant)	Homeowner
Total monthly income	£	£
Less monthly outgoings	£	£
<b>Your money left over each month</b>	<b>£</b>	<b>£</b>

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Advantages of renting

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Advantages of buying

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Possible drawbacks of renting

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Possible drawbacks of buying

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Summary

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The Money Advice Service has a range of tips and tools to help you budget and work out what you can afford. See page 16 for contact details.

# Voluntary Right to Buy pilot – A step-by-step guide

If you're eligible for the Voluntary Right to Buy pilot discount, you could be on your way to owning your home. Here are the six key steps you need to follow.

## 1 Check eligibility, work out the costs and get advice

Once you've checked your eligibility (see page 5), it's a good idea to look into the costs of home ownership as early as possible. This will give you an idea of what it might cost and what you can afford before you get too far into the process.

Go to page 12 to get started.

## 2 Register your interest

You will need to register your interest on the government's Right to Buy website. Search 'Voluntary Right to Buy' or go directly to: [www.righttobuy.communities.gov.uk/voluntary-right-to-buy/](http://www.righttobuy.communities.gov.uk/voluntary-right-to-buy/)

Your interest will then be sent on to us.

We will do some quick checks and as long as you pass these we will arrange for an application pack to be sent to you.

If you decide to apply, we will let you know what is required in the letter we send you with the application form.

You will also have to pay your application fee of £250. We will let you know when this is payable but please make sure that you have the money ready.

Once we have taken your application, we will confirm we have received it. Then we will start checking your application to see if we are able to sell you your property.

There are limited places on the Voluntary Right to Buy pilot scheme and we are dealing with applications on a first-come, first-served basis.

## 3 Confirm eligibility

We will check to see if you qualify to buy your property and will carry out a number of detailed eligibility checks.

If you pass these checks, we will contact you and let you know. We will then make arrangements for your home to be valued so you can find out how much it will cost to buy.

If you do not pass the checks, we will write to you and explain why you can't buy your property. If you have already paid an application fee, this would be refunded to you.

## 4 Receive an offer of discount

If your application is accepted you will receive an offer of discount letter. The letter will set out the discount you will receive and the price that you will have to pay for the property.

The terms and conditions of the purchase will also be included. Please see the separate sheet sent with application form and this booklet that give general conditions that you need to know before you apply and pay any application fee.

There are strict timescales for accepting your offer of discount so you must act swiftly.

Places on the Voluntary Right to Buy Pilot scheme are limited so you may lose your place if you do not reply quickly to our letters and calls or you cannot buy quickly.

## 5 Over to you: mortgage, survey and advice

You have 20 working days to accept our offer of discount. If you do not accept our offer of discount within that limit, we may not be able to hold your place on the scheme.

It is during this time that you will need to arrange a mortgage or loan, get a survey and hire a solicitor for conveyancing, etc.

Please get independent financial and legal advice (if you haven't already) and check you understand all the costs before you sign anything.

## 6 Complete the purchase

Once you're happy with your landlord's terms and have arranged how you will pay for your home, we will confirm when you can carry on and complete your purchase.

It's usually during this time that you pay your stamp duty, finalise the paperwork and sign the contract.

Once you have completed, you will receive a refund of your £250 administration fee, generally as a credit off your purchase.

**You are now a homeowner!**





## Contact details for help and advice

### Voluntary Right to Buy

You can find out more about the Voluntary Right to Buy scheme on the government's Right to Buy website. Search 'Voluntary Right to Buy' or go directly to: [www.righttobuy.communities.gov.uk/voluntary-right-to-buy/](http://www.righttobuy.communities.gov.uk/voluntary-right-to-buy/)

### 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.moneyadvice.org.uk](http://www.moneyadvice.org.uk)

### 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](http://www.lease-advice.org)

### Stamp duty

For information on stamp duty and the latest rates go to:

[www.gov.uk/stamp-duty-land-tax-rates](http://www.gov.uk/stamp-duty-land-tax-rates)

## Four questions to ask yourself before you buy

### Q1. Do I have the right to buy under the Voluntary Right to Buy Pilot scheme?

Before you start this process, use the checklist on page 5 to see if you might qualify for the Voluntary Right to Buy pilot scheme.

### Q2. Can I afford it?

Use the checklist on pages 12 and 13 to work out the costs, benefits and possible drawbacks of buying. It's worth doing this before you get too far into the process.

### Q3. Can I afford it if things change in the future?

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

### Q4. What are the benefits and risks?

Owning a home can be a good investment for the future and can give you more freedom to make your home your own. But, make sure you've also considered the risks and responsibilities.

## Before you apply

### Before you apply please note the following.

Not all tenants can buy their home under the Voluntary Right to Buy pilot scheme. (Please see page 5 for details of some of the exceptions and exclusions.) We may not be able to sell you your property.

You cannot apply if you have the Right to Buy or Preserved Right to Buy (if in doubt ask us to check for you).

Only certain areas are being considered (please see page 5).

You will need to pay a £250 administration fee. This is refunded if you complete your purchase or we are unable to sell your property to you, but will not be refunded if you decide not to go ahead after applying.

Places on the Voluntary Right to Buy pilot scheme are limited and are dealt with on a first-come, first-served basis.

You must not have any rent arrears or other breaches of your tenancy conditions.

No sale can take place unless the relevant legislation and regulations permitting the Voluntary Right to Buy (and other legislation which relates to the sale) have been passed and we have the permissions, consents and agreements we need from the Homes and Communities Agency. This is not guaranteed.

You will be expected to proceed quickly with your purchase, if your application is accepted. If you do not meet the set timescales, you may lose your place in the queue and may not be able to complete your purchase.

You will need a bank account to pay charges due (if any) by Direct Debit, following completion.

You will be required to become the legal owner of the property and appear on the official ownership documentation.

### Remember

Do not make a mortgage application, instruct solicitors or make any other financial commitments until you have received an offer of discount letter from us and accepted the offer within the required period. These commitments will be at your own risk.

Don't forget, even if you do this, you must proceed promptly and we cannot complete until the relevant laws, permissions and consents are in place. Your application is at all times subject to completion.

### Important

Please note that this booklet is designed for general guidance on the scheme only. Please contact us if you require further information on the terms of the scheme.



## Get in touch or find out more



**[www.riverside.org.uk](http://www.riverside.org.uk)**

email: **[vrtb@riverside.org.uk](mailto:vrtb@riverside.org.uk)**

Follow us on Twitter **@RiversideUK**



**Customer Service Centre**

**24** hours, **365** days a year. So you can call at the weekend or even on Christmas Day

**0345 111 0000**



Speak to a member of our team



We are happy to accept **Next Generation Text** (NGT) calls. Press '3' once connected

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