

PLYMOUTH COMMUNITY HOMES

BUYING YOUR PCH HOME POLICY

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Lead Directorate:	Business Services and Development
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1. INTRODUCTION

1.1 Policy Statement

This policy outlines how Plymouth Community Homes (PCH) will ensure that our tenants that have the right to purchase their home are appropriately advised and receive good customer service throughout the process and that their personal information is used appropriately.

- How PCH tenants may be eligible to purchase their home under the Preserved Right to Buy (PRTB), the Right to Acquire (RTA) or a Contractual Sale (CS) under the Housing Act 1985 legislation.
- PCH's approach to applications for PRTB, RTA and CS.
- PCH acknowledges that the sale of property with large discount is at a high risk of fraud, money laundering and other illegal or immoral practice, this policy outlines the measures PCH will take to tackle these issues.
- PCH's approach to other discretionary measures in relation to PRTB, RTA and CS.

1.2. Associated Policies and procedures

- Customers Service Standards
- Postponement of Charge Policy
- AML policy

2. INFORMATION AND CUSTOMER SERVICE

2.1. PCH will produce guidance specifically designed for our tenants, satisfying the requirements of HA1985 s121AA and 121B, and Statutory Instrument 2005/1735. This information will be kept as up to date as reasonably practical and will include information regarding; who may be entitled to the PRTB, RTA or CS; the procedure; the costs of purchasing; the ongoing costs of homeownership; the risk of repossession. This information will be published on our website.

2.2. PCH will undertake a meeting where appropriate with applicants to discuss their proposed purchase and check that they understand the guidance and the responsibilities of home ownership.

2.3. PCH will refer any applicants who request additional support through the process to the Government's official Right to Buy Agent service.

- 2.4. PCH will seek feedback about the sales process from recent purchasers for the purpose of monitoring and improvement.
- 2.5. PCH will collect personal information and documentation in the administration of this policy, it may also be necessary to store or share some of this information to adhere to regulatory and/or legal requirements. Systems and procedures will be in place to ensure that the use and storage of data adheres to PCH's Data Protection Policy.

3. BUYING YOUR HOME – SCHEMES

3.1. A PCH tenant may purchase their home under the PRTB, RTA or CS dependent on their tenancy history and the property they occupy as some properties are exempt from sale. The following is an explanation of which scheme may apply looking solely at the tenancy condition.

3.2. Preserved Right to Buy

- The PRTB may apply to PCH tenants, who were tenants of Plymouth City Council immediately before the ownership of their home transferred to PCH on 20/11/2009 and have remained PCH tenants continuously thereafter.
- The PRTB is kept if that tenant transfers to another PCH property.
- Someone who succeeds to or is assigned the tenancy of a family member, who had the PRTB, may gain the PRTB.
- The PRTB cannot be gained through assignment by mutual exchange.

3.3. Right to Acquire

- The RTA may apply to PCH tenants, who do not have the PRTB and have 3 qualifying years of tenancy.

3.4. Contractual Sales

- CS may apply to PCH tenants, who were secure tenants of another Housing Association and who had a contractual RTB, immediately before the ownership of their home transferred to PCH.
- PCH may be obliged to fulfil previous arrangements made to eligible tenants in respect of RTB protection. This contractual protection would have been granted when the eligible tenants lost their statutory RTB due to a transfer in ownership of their home or a change in their landlord's status. PCH will enable eligible tenants to exercise their contractual RTB on their property, so far as possible, as if they had the statutory Right to Buy.

4. PCH'S APPROACH TO APPLICATIONS

When processing PRTB and RTA applications, PCH will adhere to the statutory procedures, discount entitlement and other requirements governed by Part V of the Housing Act 1985 (as amended).

- 4.1. Tenants who are entitled to purchase under a CS, PCH will follow the provisions of Part V of the Housing Act 1985 (with the exception of section 128 relating to valuations see clause 11), and PCH's PRTB procedures in administering the sale including providing information required and timescales.
- 4.2. PCH will follow set procedures to apply to PRTB, RTA and CS to safeguard that only those entitled to purchase under the schemes are permitted to do so and that the correct discount is applied.
- 4.3. PCH expects applicants to comply with our procedure to verify eligibility. This will include the verification of identification and residency and relationship to tenant/s.
- 4.4. If all persons listed on an application do not comply or do not provide sufficient evidence, PCH will regard the application as invalid. Invalid applications will be returned.

- 4.5. If a tenant with the PRTB has supplied sufficient evidence, but others listed on the application have not, PCH will exclude those who have not from the sale.
- 4.6. PCH expects to verify the identification of any joint tenant who has signed to state that they are not joining the PRTB. Non-compliance will result in the application being regarded as invalid and returned.
- 4.7. It is the responsibility of the applicant to provide evidence to support any claim for discount for previous tenancies, however PCH will check their own records and the records of previous landlords where they are able.
- 4.8. If no evidence is provided, PCH will not include the discount for the period claimed. If sufficient evidence of occupation is provided, but not of tenancy, PCH may award discount for the period in question if the tenant undertakes a Statutory Declaration with a solicitor.

5. ELIGIBLE APPLICANTS

- 5.1. **Preserved Right to Buy (PRTB)** – A PCH tenant who was a tenant of Plymouth City Council immediately before the ownership of their home transferred to PCH on 20/11/2009 and have remained a PCH tenant continuously thereafter.
- 5.2. **Right to Acquire (RTA)** – A tenant that has had three years continuous qualifying tenancy prior to applying to buy the property with PCH.
- 5.3. **Contractual Sale (CS)** - A tenant that previously had a secure tenancy with another Housing Association and who had a contractual RTB, immediately before the ownership of their home transferred to PCH.

6. QUALIFYING APPLICANTS

To qualify to buy your home the following additional criteria is applicable:

- 6.1. Tenant's partner/spouse becomes a joint tenant then they are eligible for the RTB in their own right. However, if a tenant eligible for a RTA and the partner/spouse joins the tenancy they will need to be in residency for minimum of 3 years before they can apply for the RTA in their own right.
- 6.2. Tenant may own another property, as long as the RTB property is their principle home.
- 6.3. If tenant dies during RTB application, and family member named on RTB2, will still be eligible to continue with the RTB even if they are not eligible to succeed the tenancy.
- 6.4. In the event that a joint tenant (not residing in the property) does not wish to buy the PCH will check the application form has been signed and discuss this with the joint tenant via email / phone and check their ID.
- 6.5. Where the application has not been signed an email stating they do not wish to purchase and understand the implications of relinquishing their tenancy will be supplied along with their ID.
- 6.6. PCH will accept applications in alternative names other than listed on tenancy agreement subject to receiving appropriate evidence including divorce certificates, marriage certificates, Deed Poll certificate.

7. SUCCEEDING TENANCY

- 7.1. A child or family member succeeding an eligible tenancy will be eligible for RTB/RTA/CS, even if the succession paperwork states they can succeed the tenancy but not the property.

7.2. If a succession Tenant of a PRTB wishes to purchase and their qualifying years are less than 3 years, they can still proceed with the application, but they will only receive the minimum amount of 35% for a house or 50% for a flat.

7.3. Any tenant or family member who is subject to one of the following will not be allowed to apply for or join in the PRTB/RTA/CS:

- Suspended /Outright Possession Order for tenancy breaches
- An order has been made to the court against the tenant and you are no longer an assured tenant for the duration of the order this could include but not limited to; Anti-Social Behaviour, rent arrears, Demotion of Tenancy.
- If an applicant has made a composition or arrangement with their creditors the terms of which remain to be fulfilled” this includes Bankruptcy order, IVA, CCJ and outstanding defaults, this means you are not eligible to apply until the arrangement has been settled in full. PCH would require evidence to confirm the arrangement has been fulfilled from the creditor if the credit report PCH obtains has not been updated.
- Declaration Form is not returned with the application with the supporting documentation for proof of identity and proof of residency.

8. TERMINATING YOUR TENANCY

8.1. Ending a PCH tenancy, by termination of tenancy this will mean you have lost your PRTB.

8.2. Mutual Exchange – if you move from Plymouth Community Homes as your landlord you will lose your PRTB.

9. FAMILY MEMBERS APPLYING

9.1. For the purposes of the family member provision the following will be considered

- The tenant’s parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece.
- A relationship by marriage shall be treated as a relationship by blood.
- A relationship of the half-blood shall be treated as a relationship of the whole blood.
- The step-child of a person shall be treated as his/her child.
- An illegitimate child shall be treated as the legitimate child of his/her mother and reputed father.
- Spouse/Partner of a tenant eligible for the PRTB or the tenant and that person live together as if they were husband and wife or civil partners.

9.2. If a partner of a family member living at the property applies to join the application to buy the property, the family member’s partner is only eligible to apply if they are married or in a civil partnership and living at the property for 12 months.

9.3. To be eligible to apply family members must be able to evidence they have been living at the property for 12 months prior to the application.

9.4. Where an eligible tenant is assigning their tenancy to a spouse or partner, they will inherit their PRTB.

10. ELIGIBILITY OF PROPERTY

10.1. PCH will consult with other departments to confirm the property is eligible to be sold under the appropriate scheme. Not all properties are eligible to be sold for instance:

- Elderly Persons Dwellings including Warden controlled properties

- Dwellings for disabled persons
- Dwellings for people suffering from a mental disorder
- Property scheduled for demolition

10.2. In addition to the above some homes may not be eligible to be purchased through the RTA, homes not eligible to be sold through the RTA are:

- Property value below security loan
- Rural parishes
- Purchased with Public funds transferred to Local Authority after 1st April 1997.

11. VALUATION OF PROPERTY

- 11.1. PCH will instruct a RICS valuer to visit the tenant's home and assess the property to determine the Current Open market value of the home. The Valuer will consider the condition of the property and improvement and for flats any future works PCH is planning to the property in the next five years to determine the value.
- 11.2. The Valuer in accordance with RTB and RTA determination of OMV should disregard any improvements made by any of the persons specified in application form and any failure of those persons to keep the dwelling house in good internal repair.
- 11.3. Once the valuation has been determined the eligible discount will be applied and an offer will be sent to the tenant.
- 11.4. The Tenant will then be able to consider the offer and for flats any additional planned works cost before making the decision to proceed with the purchase.
- 11.5. If the tenant disputes the OMV that has been determined by the RICS valuer, then the tenant can make a case to the District Valuer. The District Valuers redetermination is final and cannot be disputed. The District Valuers timeframe is determined by the Valuation Office Agency and not PCH.
- 11.6. A redetermination can be withdrawn at any time if the request is made in writing to the VOA office.
- 11.7. For CS, Section 128 of the Housing Act relating to the use of the District Valuer in the event of a valuation dispute, does not apply to CS covered in this policy. PCH's procedure will include the option for PCH to obtain a second and independent valuation in the case of a dispute. The second valuation will be final, whether higher or lower.

12. DISCOUNT

Discount amounts will be determined accordingly by legislation and published on PCH website.

12.1. For PRTB the discount can be given in the following circumstances to others than the tenant:

- A child or grandchild will be entitled to discount years from the date they turned 16, subject to evidence of occupancy in the property.
- If spouse /partner succeeds to the tenancy in the event of tenant's death, the spouse or partner would be entitled to the eligible RTB but the discount years would be eligible from the date the spouse or partner moved in to the property. Evidence will be required normally a marriage certificate or utility bill.
- For PRTB – the discount may be limited due to the cost floor, if the cost floor exceeds the cost of the property minus the discount, based on the cost PCH has incurred to the property for that we can give based cost PCH has incurred on the property relating to repairs and improvement in the last 15 years this is called 'Cost Floor'.

13. COST FLOOR EXCEPTION

13.1. As part of the calculation of the sale price of the property, we determine the Cost Floor figure. This is the amount of money spent on the property in the 10-year period prior to receipt of the RTB1. If the property was built or acquired after 1st April 2012, the Cost Floor period increases to 15 years.

- RTA - PCH cannot sell a property if the property is valued at or below PCH security loan for that property.
- RTA - PCH cannot sell a property if the cost of building or buying the property is more than the property value.

14. ADDITIONAL ELIGIBLE ACCOMMODATION DISCOUNT

14.1. SFA – Service family accommodation- Armed Forces - evidenced via licence or service records

14.2. SLA – Single Living accommodation – Armed Forces – evidence via service record

14.3. Temporary, homeless, introductory and shorthold tenancies where they were public sector.

15. NON-ELIGIBLE ACCOMMODATION

- Any licence agreements (excluding SFA) would not attract discount.
- Employment accommodation from a local authority (where the property is outside a residential area, i.e. Park, Cemetery).

16. FINANCING YOUR PURCHASE

- 16.1. When a tenant decides to buy their home, they need to consider the cost involved that include the purchase price, legal fees, building and contents insurance and ongoing maintenance.
- 16.2. PCH will require evidence of how you intend to purchase your home. AML policy determines the documents required if purchasing the property with cash.
- 16.3. If purchasing the property with a mortgage, PCH will need to consent to the Mortgage offer for the property by the lender. PCH will only accept the mortgage offer for the value of the property which must exclude mortgage application fees. If applicants are purchasing with additional borrowing this is up to a maximum of £10,000 (as per Postponement of Charge Policy) and the additional borrowing must be evidence by way of contractor quotes to be consented to by PCH prior to the borrowing.

17. REPAIRS

When you submit an application to buy your home, PCH will stop all repairs and improvement to you home except for any emergency repairs. Tenants will need to consider this before they apply.

18. EVIDENCE

For every property purchase, PCH will require proof of identity and proof of residency of every applicant wishing to buy their property. We will follow PCH Anti-Money Laundering Policy on when requesting evidence to fund the purchase.

18.1. Identify and proof of Residency

- Photo ID for all applicants, typically a passport or photo driving license.
If neither of the above is available then a copy of the applicant's birth certificate together with an official letter from an organisation other than PCH (e.g., from a government agency such

as the DWP, the NHS) or a wage slip from an employer detailing their national insurance number is considered an acceptable alternative form of ID.

18.2. Proof Of Residence for Tenant(s)

- Council Tax bill, originals of bank statements, utility bills or similar dated within the three months prior to the application. It must not be a letter from PCH. The documents must show name address and date.

18.3. Proof of Residence for Family Member(s) (excluding spouses)

- Council Tax bill, originals of bank statements, utility bills or similar dated 13 months ago, 10 months ago, 7 months ago, 4 months ago and within the last month prior to the application. It must not be a letter from PCH. The documents must show name, address and date.

18.4. Proof of Residence for Spouses

- Council Tax bill, originals of bank statements, utility bills or similar dated within the three months prior to the application. It must not be a letter from PCH. The documents must show name, address, and date. This is subject to the marriage certificate also being supplied, otherwise will be treated as an unmarried family member.

18.5. Proof of relationship for Family Members (exception of partners) Who Wish to Share in buying

- Proof of relationship to the tenant. This may include birth certificates, marriage certificates, change of name Deed Poll document for either tenant, the family member or both.

18.6. Financial Evidence

Mortgage

Copy of decision in principle or Mortgage offer for the discount value with no additional monies.

Cash

We will require the following for each person sharing to buy the property:

- 6 Months Bank statements
- 6 Months Wages Slip

In addition to the above further evidence will be required

Savings

Savings are regular small payment from an income such as a Salary, Pension, or annuity. The best Evidence for this will be 6 months bank statement showing you getting paid from your employer/Pension/Annuity and the money slowly growing into your bank account. If you have multiple Bank Account for your savings, then provide 6 months statements for each bank account.

Release of Pension

A copy of your Pension Statement and a copy of your Bank Statement showing the money being received from the Pension Company.

Sales of Shares

A copy of the Share Release Schedule and a copy of your Bank Account statement showing the money being received from the Company.

Inheritance

A copy of the letter from the Executive stating how much you are being paid as a beneficiary and a copy of your bank statement showing the money being received from the Solicitor/Executor's bank account.

Gift Letter from Parents/siblings

Letter from your Parents/Siblings and evidence of 6 months savings statement of their bank account and a copy of birth certificate.

ALL STATEMENTS PROVIDED MUST CLEARLY SHOW THE FOLLOWING:

- Name of Account Holder
- Account Number
- Sort Code
- Name of Bank

19. FRAUD, MONEY LAUNDERING AND ADULT SAFEGUARDING

- 19.1. RTB or RTA fraud occurs when a tenant has applied or purchased under one of the schemes and has misrepresented their circumstances to obtain discount that they are not entitled to, or to claim a RTB or RTA that they are not entitled to.
- 19.2. PCH's procedure will include checks to safeguard that homes are only sold to those who are eligible and that the correct discount is applied. Suspicion of fraud will be dealt with in accordance with PCH's Anti-fraud, Bribery and Corruption Policy.
- 19.3. PCH will comply with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007.
- 19.4. PCH will request evidence of the source of the funds for cash purchases. If an applicant is non-compliant PCH will suspend the sales process until appropriate evidence is submitted, if evidence is not forthcoming after a reasonable period, PCH will cancel the application. Suspicion of money laundering will be reported in accordance with PCH's procedure.

20. OTHER DISCRETIONARY MEASURES

- 20.1. Repayment of discount
PCH has the discretion to waive repayment of some or the entire discount, regardless of when, as per section 185 of the Housing Act 2004. It is PCH's policy that it will not waive repayment of any discount.
- 20.2. Right of First Refusal
If the owner wishes to sell or dispose of their home purchased under the RTB, RTA or CS scheme within the first 10 years they must offer the property first to PCH at full market value. The Right of First Refusal will only be applicable if the appropriate restriction was registered at the Land Registry when the property was purchased by the owner. The Right of First Refusal may also be a covenant within the lease. PCH will consider the merits of offers made and respond within the statutory timescale.
- 20.3. Exempt disposal is applicable either by tenant or current owner want to transfer the property.
 - a) The qualifying member would need to satisfy the qualifying period
 - b) Transferred by a Will or Intestacy or
 - c) by an order of a Court,
 - d) compulsory disposal order

Evidence will be required to satisfy the exempt disposal.

21. POSTPONEMENT OF CHARGE

During the RTB/RTA discount repayment period (5 years following the sale) PCH must agree to postpone our discount charge in favour of new/additional borrowing if it is for an 'approved purpose'. Please refer to the Postponement of Charge Policy.

PCH will be alert to issues of vulnerability and coercion. We will seek to ensure that the applicant is fully informed and understands the responsibilities of homeownership. Suspicion of abuse will be dealt with as per PCH's Safeguarding Adults and Children Policy.

22. PHOTOVOLTAIC (PV) PANELS

Some of PCH homes have been fitted with photovoltaic (PV) solar panels, PCH would prefer you to keep the panel as you benefit from the electricity generated during the day. You would not receive any feed-in-tariff and any surplus electric made will go back to the national grid. When sold you could lease the air space back to PCH. If you wish to have the solar panels removed, this will only be removed when exchange of contracts has taken place or after completion as this is subject to the timing of the contractor's availability.

If your property is a newbuild property the PV Panels will be sold as part of property and will not require you to enter into the PV panel lease arrangement.

23. ADDITIONAL INFORMATION ABOUT CS

Tenants (tenancies granted before 15/01/1989) of Stonewater HA, who were previously tenants of Jephson Homes HA and who became tenants of Jephson HA on 01/04/2002 (at which time their RTB was protected contractually) and remained a Jephson HA/Stonewater tenant continuously until the transfer of the ownership of their home to PCH. The tenant may have kept the contractual RTB if they transferred to another Jephson/Stonewater property or mutually exchanged with another Jephson/Stonewater tenant who also held a secure tenancy. The contractual right is personal to the tenant who was protected and cannot be gained by succession or assignment.

Barne Barton stock transfer, all tenancies at the time of transfer are not eligible for contractual sale or RTB.