

Buying your home

How to buy your home under the rights to buy or acquire,
or through the Social HomeBuy scheme





Translations

For help with translations, or if a large type, Braille or taped summary would be useful, please contact the Service Centre.

Arabic

لمساعدتك في الترجمة يرجى الاتصال بمركز الخدمة على هاتف 08456 066 366.

Bengali

অনুবাদ সাহায্য পেতে হলে সার্ভিস সেন্টারে 08456 120 041 নম্বরে ফোন করুন।

French

Si vous souhaitez recevoir de l'aide avec vos traductions, appelez le 08456 066 366.

Somali

Wixii ah caawimo turjumaan ka soo wac Xarunta Adeegga telefoonka 08456 066 366.

Spanish

Si necesita que le ayudemos con alguna traducción, llame al Service Centre: 08456 066 366.

Turkish

Tercüme konusunda yardım için 08456 120 031'dan Hizmet Merkezi'ni arayın.

Cantonese

若需要提供翻譯，請致電服務中心 (Service Centre) 08456 066 366。

Mandarin

需要翻译的帮助，请拨打 08456 066 366 联系服务中心。

Polish

Pomoc w tłumaczeniu można uzyskać pod numerem telefonu 08456 066 366.

The information in this booklet is for residents of:

- Southern Housing Group
- South Wight Housing Association
- James Butcher Housing Association.

Can I buy my home?

Because Southern Housing Group is a registered charity, most of our tenants do not have the right to buy the home they rent from us. However, there are five exceptions.

- If you hold a secure tenancy and your home transferred to us from a non-charitable housing association, you still have the **right to buy**. This could apply to you if you were formerly a tenant of City and Counties or Coastal Counties Housing Associations.
- If your home transferred to us in a stock transfer from a council, and you were a secure tenant at the time of transfer, you have a **preserved right to buy**. This may apply to you, for example, if you live at one of the Southern Homes estates in Hackney, at Dawsons Heights in Southwark, or if your South Wight Borough Council home transferred to South Wight Housing Association.
- If your home was built using social housing grant after April 1997, you are allowed to buy it at a discount, using your **right to acquire**. This applies to most of our newer homes.
- If, before you moved into it, your home transferred to us in a stock transfer from a council, you are usually allowed to buy it at a discount, using your **right to acquire**.
- If you live in a local authority area that has grant funding available, you may be able to buy part, or all, of your current home under the **Social HomeBuy** scheme.

Buying your home



Buying your home

However, to buy your home under the rights to buy or acquire, or through the Social HomeBuy scheme, you must also have been a public sector tenant for a set number of years.

- To take up the rights to buy or acquire, if your tenancy started before 18 January 2005, you need to have been a tenant for two years.
- To take up the rights to buy or acquire, if your tenancy started on or after this date, you will need to have been a tenant for five years.
- To buy your home through the Social HomeBuy scheme, you need to have been a tenant of one of the Southern Housing Group landlords for more than two years.

When these rules don't apply

However, the rules we have set out so far don't apply if:

- we decide, before your sale goes through, that we wish to demolish your home
- we gave you your home to live in while you work for us
- your home is designed for elderly or disabled residents, or for residents with other support needs
- you live in a 'rural parish' as defined by the Government.

We can also refuse your application if:

- you are an undischarged bankrupt or you have a bankruptcy petition pending against you
- you are subject to a formal creditors' agreement made under the insolvency acts

- you have been served with a possession order
- we took court action against you for anti-social behaviour and your secure tenancy was demoted
- you have been served with an order suspending your right to buy or to acquire due to anti-social behaviour
- you have been in rent arrears during the past 12 months.

Is buying my home a good idea?

Owning their own home is a good choice for many people, but buying a home is probably the largest financial commitment you will ever make. Before deciding whether you should become a home owner, there are a number of things to consider.

Don't forget that if you fail to keep up your mortgage payments you run a serious risk of your home being repossessed by your mortgage provider. If this happened, you would be treated as 'intentionally homeless', making it unlikely that you will be offered a home to rent by a social housing landlord.

We strongly advise you to take independent financial advice before committing yourself to such a large financial decision. If you are buying under Social HomeBuy, we will insist that you contact an independent financial adviser, who will check on our behalf that you can afford home ownership.



What will I be buying?

If your home is a house, you will normally buy the freehold, which means that you are buying your home and the land it stands on. However, your freehold will be subject to certain conditions. For example, if your house is on an estate with shared areas, you will be legally required to contribute a fair share towards the cost of maintaining the estate.

If your home is a flat, we will sell you a long lease – normally lasting 99 or 125 years. You are buying the right to use your home for the length of this lease. Your lease will set out your rights and responsibilities as our leaseholder.

Under the rights to buy or acquire, you buy all of your home at once. But under Social HomeBuy, you can also opt to use a mortgage to buy a share of your home, paying rent on the part you do not own. At present, you must buy a share of at least 25 per cent after any discount has been calculated and we will expect you to buy the largest share you can afford. Later, you can opt to buy further shares, buying at least 10 per cent of the overall value each time. This process is known as 'staircasing'.

How much will I pay for my home?

We will send a surveyor to look over your home and tell us what it is worth. This is known as a market valuation. Against this, you will be entitled to a discount, based on:

- the amount of time you have been a tenant (right to buy only)
- the area you live in.

How much is the discount?

Discounts vary depending on the local authority area you live in. In December 2007, the maximum discount was:

- between £16,000 and £38,000 for purchases under the right to buy
- between £9,000 and £16,000 for purchases under the right to acquire and Social HomeBuy.

However, if you purchase under Social HomeBuy, your discount also depends on the share you buy. For example, in Southwark, the maximum discount is £16,000. So if you bought a 75 per cent share of your Southwark home, you would get 75 per cent of the discount – ie £12,000. If you bought a 25 per cent share, you would get a discount of £4,000, and so on.

You should also note that if you buy additional shares in your home at a later date, you won't qualify for any further discount.



Keeping your discount

As a home owner, you have the right to sell your home at any time. However, if you applied to buy your home on or after 18 January 2005, you would have to repay some or all of the discount if you sold it within five years. (If you applied before this date, the period was three years and it has now expired.)

The amount you have to repay is calculated as a percentage of your home's current value. So if your home has gained in value, you will pay more. As a guide, if you sell within:

- a year, the full amount is repayable
- two years, four-fifths is repayable
- three years, three-fifths is repayable
- four years, two-fifths is repayable
- five years, a fifth is repayable.

To keep your discount, the rules also state that you can't agree a sale within the five-year period. If you buy your home, then make an agreement that you will sell it to someone else when the five years are up, you will have to repay some or all of the discount. The date you make your agreement will be treated as if it was the date you actually sold your home.

If you wish to sell your home within 10 years of buying it, you also have to offer it back to us first.

The one-off costs of buying

Buying a home can be an expensive process and you will need to budget for a number of one-off costs. They will include the following.

Remember that your purchase cannot be completed until you have met all these costs.

- **Legal costs.** When you have received your offer notice (see page 16) and decided to go ahead, you will need to find a solicitor to handle the legal side of things for you.
- **Search costs.** Your solicitor will pass on the cost of making checks about the property in your local authority's records.
- **A mortgage valuation fee.** Your lender will charge you for carrying out their own valuation of your home.
- **Survey fees.** You may also wish to pay for a more detailed independent survey on the condition of your home.
- **Stamp Duty.** This is a Government tax on home buying. You will be charged:
 - nothing if your home is valued at £175,000 or less (this may revert back to £125,000 in the future)
 - one per cent of the purchase price for homes from £175,001 to £250,000 in value
 - three per cent of the purchase price for homes costing between £250,001 and £500,000
 - four per cent of the purchase price for homes valued at over £500,000.



- **Land Registry fee.** You will have to pay a fee to the Land Registry to register yourself as the new owner. Your solicitor will handle this for you.
- **Service charges.** For homes where service charges apply, if you purchase using the rights to buy or acquire, we will charge you in advance for the rest of the current financial year. Our financial year runs from 1 April to 31 March and our typical annual charge for a flat is £1,000 and for a house on an estate it is £300. For homes purchased under Social HomeBuy, we will charge you in advance for the rest of the month you purchase in, plus a further month. From then on, your service charge will be payable monthly in advance. Please note that shared owners pay the full service charge.

An example of typical costs

If you bought your home for £150,000, your costs might look something like this.

Legal costs	600
Search costs	150
Mortgage valuation fee (Your lender may add this fee to the term of your mortgage)	350
Stamp Duty (The Government may change this in future)	0
Land Registry fee	125
Total	£1,225

If service charges apply to your home, you would also be charged in advance until 31 March the following year.

What costs will I have as a home owner?

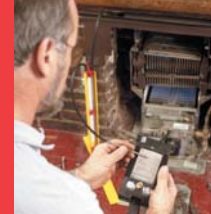
As a home owner, your costs will include:

- monthly mortgage payments
- monthly service charge payments (if applicable)
- monthly rent payments if you are a shared owner
- Council Tax, water rates, gas and electricity charges
- home contents insurance
- buildings insurance, if you are buying a house outright
- any life insurance/assurance premiums
- the cost of any annual appliance service agreements
- repairs and maintenance.

What your service charge covers

You will pay a service charge if you live in a flat, or a house on an estate with shared areas. This charge, usually monthly, covers your share of the costs of providing services such as:

- caretaking, gardening and cleaning shared areas
- repairs to shared areas
- the electricity used in corridors and stairways
- our management costs
- buildings insurance for flats and for houses while you are a shared owner
- a contribution to a 'reserve fund', which puts money aside towards regular redecorations and repairs.



A typical service charge statement for a flat

Scheme costs	Estimate for 2007/8
Caretakers and estate cleaning	15,000.00
Estate lighting and electricity	1,000.00
Grounds maintenance	7,500.00
Service materials	1,500.00
Skips and paladins	750.00
Repairs to communal areas	2,500.00
Scheme costs total	28,250.00
Your proportion of scheme costs	£101.70
Block costs	Estimate for 2007/8
Lift service and maintenance	1,800.00
Emergency lighting	400.00
Block electricity	500.00
Block maintenance contract	1,466.79
Repairs to block	900.00
Block cleaning	1,191.80
Block costs total	6,258.59
Your proportion of block costs	£250.34
Charges specific to your flat	Estimate for 2007/8
Total scheme and block costs as set out above	352.04
Buildings insurance	66.00
Management fee	115.00
Reserve fund	300.00
Estimated service charge total	£833.04

What about repairs?

As a home owner, you are responsible for repairing, maintaining and decorating the inside of your home. For example, you are responsible for:

- your central heating system and boiler
- electrical wiring, plumbing and other pipework
- kitchen and bathroom fittings and appliances.

If you own a house, you are also responsible for repairing, maintaining and decorating the outside of your home. For example, you are responsible for:

- the roof
- doors and windows
- any fences or sheds.

These costs apply in full, whether you own part or all of your home.

Buying your home



Major repairs to your block and/or scheme

Many items need to be replaced when they have reached the end of their useful life, for example, block roofs, the windows to flats and lifts. When the time comes, you will be responsible for your share of the costs.

Please note that these costs can sometimes be very high – over £5,000 per home.

In your offer notice (see page 16), we have to include details of any major works or redecoration due to be carried out within five years of your application.

The law sets out strict rules about the notice we must give and how we should consult you before going ahead. We usually provide different ways to pay, but you do have to pay, or we may take legal action and you could lose your home.

How do I apply?

Right to buy or right to acquire

To apply under the rights to buy or acquire, phone the Service Centre on **08456 066 366** for the correct application form. When we receive your completed form, we will send a written reply, confirming whether or not you can buy your home. If we tell you that you can't, we will explain why.

Social HomeBuy

To apply under Social HomeBuy, phone the Service Centre on **08456 066 366**. They will first send you an 'expression of interest' form, to complete and return with a £25 valuation fee. This fee is non-refundable.

Once your cheque has cleared, we will check the likely value of your home using an Internet valuation service. We will write to tell you this price and to give you an idea of the costs involved if you buy a share of your home, including an estimate of likely rent, mortgage and service charges.

If you still want to apply, you will need to call the Service Centre for a formal application form. This must be returned within four weeks of your receiving the Internet guide price.

As well as checking that you qualify for the scheme, we will also check whether there is still Social HomeBuy funding available. If funding is low, we may need to put you on a waiting list. We will write to confirm whether your application can go ahead.



What happens next?

We formally price your home

We will arrange for a valuation to be carried out by an independent qualified surveyor. The surveyor will contact you to arrange a time to call.

We send you an offer notice

We will then write with a formal offer notice setting out:

- how much your home is worth
- how much you will have to pay and how we worked this out, taking your discount into account
- details of any improvements you have made to the property that have not been included in the valuation
- any structural problems we know about, or other details that might affect your purchase
- an estimate of the service charge you will pay
- details of any repairs or improvements that are due to be carried out to your block or scheme, which you would have to contribute towards.

Under the rights to buy and acquire, if you aren't happy with the valuation, you have the right to request a revaluation of the property by the District Valuer. District valuers work for an executive agency of HM Revenue & Customs and are available to provide an independent valuation where there are disputes. Their decision is final.

Under Social HomeBuy, there is no appeal against a valuation made by the independent surveyor.

You write to confirm that you wish to buy

If you decide you still want to buy your home, you must now write to us. If you are buying under Social HomeBuy, you also have to confirm the share you wish to purchase.

You find the funding you need

If you need a mortgage, you have to arrange this with an approved lender. The mortgage rate must not be more than two per cent higher than the Bank of England Base Rate. If you are applying to buy under Social HomeBuy, we will also refer you to our independent financial adviser, who will check on our behalf that you can afford home ownership.

You will also need to find a solicitor.

Once your mortgage has been agreed, your solicitor should write to us confirming they are acting on your behalf and enclosing a copy of your mortgage offer.

If you don't need a mortgage, you or your solicitor should tell us that you have sufficient savings to purchase your home.



The solicitors complete the purchase

Once you have confirmed that you have the funding to go ahead, we will instruct our own solicitors.

Your lawyer will work through all the legal stages, including getting searches done.

From the date of your offer notice, you have three months to complete your purchase. If you don't complete in this time, we will write giving you a further 56 days. If you still don't complete, we will send you a 'final notice to complete', giving you another 56 days. If this time passes and you have still not completed, we will withdraw your application. If you want to buy your home after this, you will have to start again from scratch.

When the legal work has been done, the solicitors acting for both sides will agree a completion date. As part of your completion, you must pay off any rent arrears and pay your service charges as agreed.

Where can I get more information?

The Service Centre will be happy to give you more advice about your right to buy, right to acquire or Social HomeBuy application and about the responsibilities a home owner has. See the back page for full contact details.

Don't forget it is a good idea to get independent financial and legal advice about your individual circumstances before making the decision to buy your home.

Contact us

Service Centre opening hours, 8am to 8pm, Monday to Friday

If you live anywhere except the Isle of Wight phone us on **08456 066 366**

If you live on the Isle of Wight phone us on **08456 581 654**

Email us at servicecentre@shgroup.org.uk

Write to us at **Service Centre, Southern Housing Group,
PO Box 643, Horsham RH12 1XJ**