

# RIGHT TO BUY SCHEME

*April 2023*

**Please note:** This information is provided solely for secure tenants of Croydon Council.

**Other secure tenants should approach their own landlords for information about the Right to Buy scheme.**

## 1. WHAT IS THE RIGHT TO BUY SCHEME?

In certain circumstances, a secure tenant of a Croydon Council house, flat, maisonette or bungalow has the right to buy that property at a discounted price.

If the property is a house or bungalow, the secure tenant becomes the freehold owner. If it is a flat or maisonette, the tenant becomes the leasehold owner (or lessee or leaseholder).

The Right to Buy (RTB) is a national scheme, operating throughout England and Wales. The rules of the scheme are set by the Government, not by Croydon Council.

## 2. WHO IS ELIGIBLE TO USE THE SCHEME?

To qualify to claim the Right to Buy, you must be a **secure tenant** of Croydon Council and must have held a *public sector tenancy* for at least **three years**.

### “PUBLIC SECTOR TENANCY”

A public sector tenancy is any tenancy of a publicly-funded organisation, e.g. a council (including a council other than Croydon), a housing association, accommodation provided by the armed forces etc. A temporary tenancy of a Croydon Council property is a public sector tenancy.

## EXCLUSIONS FROM THE RIGHT TO BUY

The Right to Buy does not exist if:

- the tenant is an undischarged bankrupt, or if there is a bankruptcy petition pending against the tenant or a receiving order is in force against him/her,
- an active County Court Possession Order is in force against the tenant. A Possession Order remains enforceable until all its terms have been complied with, including the payment of any legal costs.

## PROPERTIES THAT CANNOT BE BOUGHT THROUGH THE SCHEME

In some groups of flats or bungalows, a Warden or Manager is employed by the Council who has responsibilities to the residents. In a housing scheme such as this, properties cannot be bought through the Right to Buy.

There are also a few individual flats and bungalows that the Council does not have to sell because they are considered to be particularly suitable for occupation by elderly people.

## 1. WHAT WILL BE THE PURCHASE PRICE OF MY HOUSE, FLAT OR BUNGALOW?

If you decide to claim the right to buy and your claim is admitted by the Council, the Council will arrange for the property that you live in to be individually valued. In normal circumstances, the purchase price that you will have to pay will be this amount (the valuation figure) **less** discount up to **£127,940\***, which is the discount applicable throughout the Borough of Croydon and the maximum sum that the Council can allow. However the purchase price should not be lower than the building cost. In which case, the building cost would be the minimum purchase price.

**Discount eligible up to £127,940 is calculated on basis on number of years you have been tenant.**

The discount available for houses available if you have been tenant for first 5 years is 35% plus 1% extra for each extra year, up to a maximum limit of 70%.

The discount available for flats available if you have been tenant for first 5 years is 50% plus 2% extra for each extra year, up to a maximum limit of 70%.

**\*But whatever percentage you are eligible for; your discount cannot be greater than maximum discount of £127,940**

The valuation date, i.e. the date at which the property is considered to have been valued, is the date when your Right to Buy claim is received by the Council, although the valuation inspection takes place some weeks after this date.

On very rare occasions, the formula set out above may vary, e.g. if you have used the RTB previously and received a discount to help you fund an earlier purchase.

## 2. HOW DO I APPLY FOR THE RIGHT TO BUY?

To claim the Right to Buy, you fill in a form called an RTB1. This form can be downloaded from following website:

[www.righttobuy.communities.gov.uk](http://www.righttobuy.communities.gov.uk)

If you are interested in the Right to Buy, it is a good idea to telephone the Home Ownership team before completing an RTB1 form. The team will be able to advise you whether or not you are eligible for the scheme.

The RTB1 form must be signed by the tenant. In the case of a joint tenancy, all joint tenants must sign the form. If one of the joint tenants does *not* wish to buy, he/she must sign the relevant part of the form to confirm this.

The tenant(s) can include other family members as joint buyers (up to a maximum of four purchasers in total) provided that:-

- the additional applicants are members of the tenant's family,
- they are aged over 18 at the date of submitting the Right to Buy claim,
- they have been living with the tenant, at the property that the tenant wishes to purchase, for a minimum of 12 months at the date of submitting the Right to Buy claim.

### **3. WHERE DO I SEND MY RIGHT TO BUY CLAIM FORM?**

When you have completed an RTB1 claim form, please return it to:

**Home Ownership Team  
Bernard Weatherill House  
8 Mint Walk  
Croydon  
CR0 1EA**

**020 8726 6000 – Ext 26017 or 26259**

[hsg-tenantshomepurchase@croydon.gov.uk](mailto:hsg-tenantshomepurchase@croydon.gov.uk)

## 4. WHAT IS THE PROCEDURE AFTER THE COUNCIL HAS RECEIVED THE CLAIM FORM?

A brief summary of the procedure is as follows:-

### 1. Tenants' proof of ID

Upon receipt of Right to Buy form, we will write to all the applicants to come in with their passport / birth certificate and other proof of ID.

### 2. The Council's response - RTB2 form

The Council checks whether you have the Right to Buy, and sends you a form (called an RTB2) which either **admits** or **denies** your claim. If the Council says that you do not have the Right to Buy, it explains the reasons for its decision.

It tells you to note the Council will now only carry out those essential repairs to your home that may be required to keep it weather-tight or emergency repairs affecting electrical, gas or water supplies.

On the RTB2 form, the Council also tells you if you can include other people whom you want to buy the property with you. If the Council advises that some or all of these people cannot join with you in the purchase, it explains the reasons for its decision.

The Council is usually required to send you an RTB2 form within **four weeks** of receiving an RTB1 form from you.

### 3. Valuation

The Council pays the valuation fee. If the Council admits your RTB claim, it asks a valuer to arrange an appointment with you to inspect the property. When the inspection takes place, the valuer does not give you details of the valuation, but reports back to the Council.

### 4. Offer Notice

When the Council receives details of the valuation from the valuer, it prepares an Offer Notice to advise you of the price that you will have to pay to buy the property. The Offer Notice is a legal notice served under the provisions of Section 125 of the Housing Act 1985, and is often referred to as a "Section 125 Notice".

In the case of a flat or maisonette, the Council also provides you with details of the service charges that you may be required to pay to the Council during the first five years after your purchase (for further details see Section 9 headed "Service Charges" on page 7 below).

If your home is a house or bungalow, the Council is required to serve a Section 125 Notice within **eight weeks** of the date of the RTB2 form. If it is a flat or maisonette, the period of time is **twelve weeks**.

### 5. Reply to Offer Notice

Within **twelve weeks** of the date of the Offer Notice, you must tell the Council in writing whether or not you wish to accept the offer. At this stage in the process, three options are open to you:-

- accept the offer at the price stated,
- decline to accept the offer at the price stated and withdraw your Right to Buy claim,
- decline to accept the offer at the price stated and appeal to the District Valuer for a redetermination of the value of the property.

The District Valuer is an employee of a central government agency. He/she contacts you to arrange an appointment to inspect the property, and then reports back to the Council. It is important to note that the District Valuer's decision is final, and that he/she has the power to set a valuation that is higher, lower or the same as the Council's valuation.

When the Council receives details of the District Valuer's valuation, it prepares a second Offer Notice advising you of the amended purchase price. You have **twelve weeks** from the date of the second Offer Notice to inform the Council in writing whether you wish to accept the offer at the price stated or withdraw your Right to Buy claim.

#### 6. Acceptance of Offer

If you decide to accept the Offer to purchase at the price stated (either at the Council's or the District Valuer's valuation), you must advise the Council in writing, using the form enclosed with your Offer Notice. At this stage, you must provide contact details for your solicitor and the name of your mortgage lender.

The Council prepares the necessary plans, and instructs its solicitors to proceed with the sale of the property to you.

#### 7. Conveyancing and Completion

The rest of the process is largely dealt with through liaison between your solicitor and the Council's solicitor. In a Right to Buy sale no deposit is paid, and there is no exchange of contracts.

Right to Buy purchases are usually financed by mortgages obtained from banks, building societies or other mortgage lenders. The amount of money that you can borrow by way of a mortgage depends on your income and savings (plus the income and savings of any joint applicants).

Completion of the purchase takes place on a Monday (but not a bank holiday Monday), and the exact date of completion is agreed between yourself, your mortgage lender, your solicitor and the Council's solicitor. Your current rent account and any former accounts must be fully paid up at the date of completion of your purchase.

When your purchase is completed, the Council closes your rent account and your secure tenancy ceases from the same date.

## 5. WHAT HAPPENS IF THERE ARE DELAYS IN THE PROCEDURE?

### 1. Delays caused by the Tenant

The time available to complete a Right to Buy purchase is limited. **Three months** after the date of the Offer Notice, the Council can serve you with a legal notice called a "Landlord's First Notice to Complete". This Notice, often referred to as a "Prior Notice", advises that you have **56 days** (i.e. **eight weeks**) in which to complete your purchase.

At the end of the period of 56 days, if you have not completed your purchase or withdrawn your Right to Buy claim, the Council can serve you with a second legal notice called a "Landlord's Second Notice to Complete". This Notice is often called a "Final Notice", and it advises you that you have a further period of **56 days (eight weeks)** in which to complete your purchase.

It is important to note that the date contained in the Final Notice is a **final completion date**. If you have not completed your purchase by that date (subject to the provisions of Section 5.6 above), your Right to Buy claim will be considered to have been withdrawn.

## 2. Delays caused by the Council

If the Council is responsible for delays in the procedure, e.g. by not issuing an RTB2 form or a Section 125 Offer Notice within the legal timescales (see Sections 5.1, 5.3 & 5.4 above), you can serve the Council with a Notice of Delay.

### (a) Initial Notice of Delay

- The first Notice that you can serve is called an “Initial Notice of Delay”, and must be served using a form RTB6. This form may be obtained from the Home Ownership team (see Section 4 above).

Within **one calendar month** of receiving a form RTB6, the Council must issue a Counter Notice. The Counter Notice must specify *either* that the Council has now taken the action that was outstanding, or that there is no action outstanding for the Council to take.

### (b) Operative Notice of Delay

If the Council has not served a Counter Notice at the end of **one calendar month**, you can serve an “Operative Notice of Delay”, which must be served on a form RTB8. This form may also be obtained from the Home Ownership team.

In certain circumstances, the service of a valid Operative Notice of Delay may result in you becoming entitled to receive a rebate of rent for the period during which the delay occurred for which the Council was responsible.

## 6. **CONDITIONS ATTACHED TO A RIGHT TO BUY SALE**

Your Right to Buy purchase is subject to a number of conditions that will be explained to you by your solicitor. Two conditions are particularly important, and are summarised below:-

### 1. Council’s Right of “First Refusal”

If you decide to sell **within ten years** of your Right to Buy purchase, you must offer your property back to the Council before putting it on the open market.

If the Council decides that it wishes to repurchase your property, it buys back at a price agreed between yourself and the Council. If the Council does not wish to exercise its right to buy the property back, you are free to sell it on the open market.

### 2. Requirement to Repay Discount

If you decide to sell **within five years** of your Right to Buy purchase, you must pay back a percentage of the discount that you received. The amount to be repaid is calculated using a formula based on the price at which the property is resold.

## 7. COSTS OF PURCHASING THROUGH THE RIGHT TO BUY SCHEME

The costs of buying your home through the Right to Buy scheme are less than in the case of a normal open market purchase. For example, you will not incur estate agent's fees. However, there are still some substantial initial costs, which you have to pay on completion if not earlier.

These are likely to amount to several hundred pounds at least, and, if you are required to pay stamp duty (see below), they may add up to several thousand pounds.

When deciding if you can afford to use the Right to Buy scheme, you need to consider whether you are in a position to pay all the following costs:-

### Stamp Duty -

You must pay Stamp Duty Land Tax (SDLT) if you buy a property over a certain price in England and Northern Ireland. You may be eligible for SDLT reliefs if you're buying your first home and in certain other situations.

- Visit [Stamp Duty Land Tax - GOV.UK](https://www.gov.uk/guidance/stamp-duty-land-tax) for further information

Solicitor's fees - when considering which solicitor to use, ask how much he/she charges and obtain a written reply before making a decision. Remember that your solicitor will make payments on your behalf, e.g. fees payable to the Land Registry, which will subsequently be recharged to you,

Mortgage Administration costs including a Valuation Survey fee - a mortgage lender charges a fee for arranging a mortgage for you. If you use the services of a mortgage broker, additional fees are charged. Remember that a mortgage lender charges you for carrying out a survey, even if you do **not** subsequently obtain a mortgage from that lender.

## 8. ONGOING COSTS OF OWNING YOUR HOME

When you complete your Right to Buy purchase, you stop paying rent to the Council. However, there are a number of ongoing costs associated with home ownership. When considering whether you can afford to buy through the scheme, bear in mind that you will have to make the following payments:-

- Mortgage Payments - you **must** make your regular mortgage payments (usually each month). If you do not keep up your payments, you run the risk of losing your home and becoming homeless. Mortgage interest rates can rise or fall; any change results in your mortgage repayment also going up or down, unless your mortgage has a fixed rate of interest,
- Service Charges - if you buy a flat or maisonette, you have to pay service charges. These are charges that pay for the cost of the services provided to the block, e.g. repairs to the communal parts, caretaking, grass-cutting, the building insurance premium, the electricity supplied to the communal hallway, staircase etc.

If the Council carries out major repairs to the block, e.g. putting on a new roof, you have to contribute a percentage of the costs, which may amount to several thousand pounds.

When you make your claim under the Right to Buy scheme, to help you budget and plan financially the Council advises you of the service charges that you have to pay during the first five years after purchasing.



In some instances, you have to pay small amounts in service charges when you buy a house through the scheme. If this is the case, the Council tells you when you submit your Right to Buy claim.

- Charges for Sewerage services and the supply of Water, Gas and Electricity - you are no doubt paying directly for some of these services while a tenant of the Council. When you buy your home, you become responsible for paying for all of them. It is advisable to contact each supplier to discuss the most appropriate payment method for you,
- Council Tax - you remain responsible for paying your council tax to the Council.
- Insurance - as well as the buildings insurance premium, which you pay to the Council as part of your service charge, you need insurance to protect you in case you are unable to make your mortgage payments because of illness, unemployment, redundancy etc. This kind of insurance policy is often called a “mortgage protection policy”.

## 9. ASSISTING YOU TO MAKE YOUR RIGHT TO BUY CLAIM

If you have any questions about the Right to Buy scheme, you are welcome to contact the Council’s Home Ownership team. You can do this by:-

- telephoning **020 8726 6000**
- writing to the team at **Bernard Weatherill House, 8 Mint Walk, Croydon CR0 1EA**
- e-mailing [hsg-tenantshomepurchase@croydon.gov.uk](mailto:hsg-tenantshomepurchase@croydon.gov.uk)

Sometimes companies advertise their services, offering to help you make a Right to Buy claim if you pay them a fee. The fees quoted may amount to several hundred pounds. It is important to note that:-

1. there is absolutely *no requirement* for you to use one of these companies,
2. any help you may need to enable you to complete the Right to Buy claim form can be obtained, free of charge, from the Council’s Home Ownership team,
3. by using one of the companies, you may find yourself locked into an agreement to obtain a mortgage from a particular lender whose interest rates are higher than other lenders.

If you are approached by one of these companies, it is a good idea to speak to the Council’s Home Ownership team before signing an agreement to use the company’s services.

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**Home Ownership Team**  
**Croydon Council**  
**020 8726 6000 Ext 26017**  
[hsg-tenantshomepurchase@croydon.gov.uk](mailto:hsg-tenantshomepurchase@croydon.gov.uk)