



**RIGHT TO BUY  
- RIGHT OF FIRST REFUSAL  
AND DISCOUNT  
REPAYMENT POLICY**

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## **1.0 Scope**

When a Council property is sold under the Right to Buy a covenant is created whereby if the property was to be sold within ten years of the original sale date then the property must be offered to the Council to 'buy back'. This relates to any relevant disposal within the ten-year period, not just the first sale by the former tenant.

This policy sets out the Council's approach to buying back properties. It includes both freehold and leasehold properties. The policy does not cover properties purchased under any other circumstance.

## **2.0 Purpose**

The Policy will ensure that the Council meets obligations to consider property buy back. Through implementation of the policy the Council will ensure that all applications are considered fairly and consistently.

## **3.0 Aims and Objectives**

The aims and objectives of the policy are to confirm:

- The information considered when the Council is deciding if to buy back a property
- The Council's approach to property valuation
- The identification of funds for purchase, if required
- The timescales that must be met

## **4.0 Regulatory Code and Legal Framework**

The relevant legislation is:

- Housing Act 1985, Part 5 Section 156A (amended by Housing Act 2004)
- Housing (Right of Refusal) (England) Regulations 2005

## **5.1 Offer Notice**

The seller of the property must provide specific information to the landlord in order for the offer to comply with legislation. The seller must provide the following information in writing to the Council:

- That they wish to dispose of the property,
- That there is a covenant requiring them to first offer the property back to the Council
- The property's full postal address
- The property type (house, flat)
- The number of bedrooms
- Details of heating system

- Specify any improvements or structural changes which have been made since the purchase, including adaptations

## **5.2 Investigations prior to decision**

When an offer notice is received it will be acknowledged by Legal Services and passed to the Housing Strategy section to complete investigations into whether the buy back is possible and desirable.

## **5.2 Property Valuation**

The price will be agreed between the seller and the Council. If the two parties are unable to agree then the Council will ask the District Valuer to value the property. The cost of the District Valuer will be met by the party that has requested the valuation.

## **5.3 Sufficient funds**

The decision will be dependent on the ability of the HRA Business Plan to fund any acquisitions. The Council's new build plans may limit the funds available to acquire properties as receipts used from RTB may only finance up to 30% of the cost of re-purchasing a former council home.

## **5.4 Housing Management opinion**

Although there may be sufficient funds available for a property to be purchased it is important to consider any future housing management issues. This includes:

- Any known repairs issues relating to the property type
- The desirability and if the property will be difficult to let
- Any current anti-social behaviour issues in the area

The offer will be discussed with the Housing Operations Manager.

A survey of the property will be completed by a member of the Housing Repairs Team. The Housing Repairs and Compliance Manager will advise whether they think it is suitable to be purchased.

Properties where there are high refurbishment costs or low demand issues will not be considered for buy back.

## **5.5 Development opportunities**

The potential to free up land or allow access to enable development will be considered. If this is likely to be an option then the offer will be discussed with the Planning department.

## **5.6 Nomination of offer**

In addition to the option to buy back to the property for the Council, there is also the option to nominate another social landlord to accept the offer. The Council does not

currently have a registered provider partner to whom it would wish to nominate to accept the offer but this will be reviewed as and when the opportunity arises.

## **5.7 Decision**

Properties will be considered on a case-by-case basis and the decision will be subject to approval of the Head of Housing.

## **5.8 Council Intention**

The Council must inform the seller, within 8 weeks of receipt of the offer notice of their intention to:

- Accept the offer (and serve an acceptance notice)
- Nominate another social landlord to accept the offer
- Reject the offer (and serve a rejection notice)

The binding contract must be completed within 12 weeks from the date that the acceptance notice is served, or four weeks after the owner notifies that they are ready to complete, whichever is the later date.

If the landlord fails to comply with the timescales, the seller may proceed to sell the property on the open market.

## **5.9 Repayment of discount**

Should the Council accept an offer to buy back the property within five years of completion the owner will be required to pay back a percentage of the value of the property related to the discount which they originally received. This reduces by one-fifth each year. The discount will be deducted from the sale price of the property.

If the Council rejects the offer to buy back a property, the discount will still be payable to the Council.

## **5.10 Appeals**

Under legislation there is no onus on the Council to either accept the offer or to nominate another social landlord to accept the offer. Therefore, the seller does not have the right to appeal the decision of the Council.

## **6.0 Related Policies, Procedures and Guidelines**

This policy should be read in conjunction with the:

- Right to Buy policy
- Right to Buy – Buy Back procedure
- Right to Buy – Buy Back investigation form
- Acquisitions Policy

## 7.0 Review

The policy will be reviewed every 3 years, or sooner if there is a change in legislation or Central Government policy.

## 8.0 Document History and Approval

<b>Date</b>	<b>Version</b>	<b>Committee Name</b>
6/6/18	1.0	Housing Committee
9/2/22	2.0	Housing Committee