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ORBIT

VOLUNTARY RIGHT TO BUY POLICY

Executive Summary	This policy sets out the principles of how Orbit operates the Voluntary Right to Buy pilot. This policy links to the following policies and procedures: Voluntary Right to Buy Policy; Voluntary Right to Buy Portable Discount Policy; Voluntary Right to Buy Property Exclusions Policy.
Approved by	Customer and Communities Board – 19 July 2018 Executive Team – 20 July 2018 Orbit Group Board – 10 August 2018
EA completed	EA completed in July 2018 for the Voluntary Right to Buy policy and this EA covers this linked policy.
Explain how customers have been involved.	This is a level 1 document however customers have not been involved due to the pilot scheme live date being mid-August. To address this it is planned that at the post implementation review customer feedback and involvement will be used to assess whether the policies and procedures are fit for purpose.
Consultation	Lettings, Tenancy Services, Home Ownership Services, Strategic Asset Management, Finance, External Affairs, Governance, Information Governance, Policy and Standards, Development, Customer Service Centre
Applies to	Home Ownership Services, Lettings, Tenancy Services, Strategic Asset Management, Customer Service Centre

SCOPE: This policy sets out the principles how Orbit operates the Voluntary Right to Buy pilot.

1. INTRODUCTION

- 1.1 In October 2015, the Government accepted a proposal put forward by the National Housing Federation, on behalf of its members, to deliver its commitment to extend the Right to Buy to housing association tenants by way of a voluntary agreement rather than legislation. This has come to be known as the Voluntary Right to Buy (VRTB). The Housing and Planning Act 2016 only enacted what was necessary to enable the Secretary of State to underpin the agreement.
- 1.2 The government has decided to pilot the VRTB with a number of housing associations in the West Midlands in order to fine-tune the scheme before a national roll-out. Two features of the pilot being tested are: portability and one to one replacements of properties sold.
- 1.3 For the precise geographical coverage of the pilot click [here](#). Orbit is one of the pilot organisations. The pilot commences on 16 August 2018 and will run until 15 August 2020.
- 1.4 Further information on the pilot can be found in the Government '[Voluntary Right to Buy \(Regional Pilot\) guidance for housing associations](#)'. Customers can find out more information about the process, eligibility, etc. on the government's VRTB website at <https://righttobuy.gov.uk/> or contact one of the Government's Right to Buy agent for initial advice and guidance <https://righttobuy.gov.uk/agent-service/>

2. DEFINITION

- 2.1 The purpose of this policy is to ensure that the Voluntary Right to Buy Scheme is delivered consistently across the organisation and that all customers are treated fairly and all applications are processed in accordance with the Government Guidance Document.
- 2.2 This policy applies to all Orbit employees who may be asked to give advice to customers regarding their eligibility for the VRTB, including Home Ownership Services, Strategic Asset Management and the Customer Service Centre.
- 2.3 To be read in conjunction with:

External: Government 'Voluntary Right to Buy (Regional Pilot) guidance for housing associations'

Internal: Voluntary Right to Buy Procedure; Voluntary Right to Buy Portable Discount Policy; Voluntary Right to Buy Property Exclusions Policy
- 2.4 The aim of this policy is to ensure that the VRTB applications are processed fairly, accurately and within prescribed timescales.

3. LEGAL FRAMEWORK

Legislation	Main powers and relevance to the VRTB
Housing and Planning Act 2016	Includes powers to compensate private registered providers for the cost of discount; and home ownership criteria that creates an expectation that all Housing Associations will provide a home ownership offer to their customers.
Anti Social Behaviour and Policing Act 2014	Paragraph 11 to Schedule 11 – Defines the meaning of Anti-Social Behaviour (ASB). Power to grant injunctions and exclude from home ownership.

4. DEFINITIONS OF VOLUNTARY RIGHT TO BUY

4.1 The Voluntary Right to Buy will allow all eligible Orbit customers the right to buy a property at a discount specified by government guidelines. There is a presumption that we will sell eligible customers the property in which they live. However, where a property type is excluded we have the discretion to refuse a sale. In these cases the customer will have the opportunity to port their discount to another property.

4.2 The Government have stipulated General Needs properties only to be included in the scope of the VRTB pilot, therefore any Sheltered and Supported housing is exempt from sale under the VRTB pilot. There will be no offer of portability for these exempt properties.

4.3 The Government have stipulated that Leasehold houses are exempt from sale under VRTB. Customers occupying Leasehold houses will be offered portability, due to the nature that customers will be unaware that their property is affected by a Leasehold tenure.

4.4 There is no guarantee that a customer can purchase a property under the Voluntary Right to Buy Pilot and Orbit reserve the right to retract any formal offer issued and stop the sale should any information become available that affects the sale.

5. PROVISIONS OF VOLUNTARY RIGHT TO BUY

5.1 Eligibility

Customers are eligible if:

- They can prove they have been a customer of social or affordable housing for at least 3 years (this need not have been with the same landlord or continuous); and
- They currently hold an un-demoted secure tenancy, an assured tenancy¹, or a Localism Act fixed term tenancy², and

¹ The following categories of assured customers are not eligible:

- Assured shorthold periodic customers (although time spent holding such a tenancy may count towards 3-year qualifying period);

- They can demonstrate that the property is their main home and they have resided in it for at least the last 12 months; and
- If they are applying jointly with up to 3 family members, these applicants can also demonstrate that it is their main home and it has been their residence for at least the last 12 months. No joint applicant³ can be added to or removed from the application during the process without voiding the application, requiring a reapplication by the customer(s). Joint applications where any applicant is ineligible will be voided; and
- They, and any joint applicants, have the right to reside in the UK, and can demonstrate that they meet the immigration status checks

Customers are not eligible if:

- They have the Preserved Right to Buy or the Statutory Right to Buy;
- At the time of application, they hold an assured short hold tenancy (other than a Localism Act fixed term tenancy), a contractual (non-assured, non-secure) tenancy or are a licensee;
- They have a fixed term tenancy of less than 2 years, or if they have a periodic assured shorthold tenancy (including a starter tenancy which has not converted);
- They do not have the right to reside in the UK, and cannot demonstrate that they meet the immigration status checks
- They are currently subject to the mortgage rescue scheme. They will become eligible if they move to a new property or are granted a new tenancy;
- They are residents of almshouses or co-operative housing associations;
- They have any rent arrears at any point during their application;
- They or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit arrangements;
- They have committed anti-social behaviour as defined in the Paragraph 11 of Schedule 11 to the Anti-Social Behaviour, Crime and Policing Act 2014 and the housing association has initiated legal proceedings as a result of this. Customers would become eligible if such legal proceedings were withdrawn or discontinued;
- They are currently subject to legal proceedings, e.g. Injunction proceedings have been issued or a notice of seeking possession (NOSP) has been served. Customers would become eligible if such legal proceedings were withdrawn or discontinued, or if the landlord failed to send papers to the court for issue within 6 months of expiry of the NOSP, or the landlord loses the case in court (including following any appeal);
- They are subject to legal proceedings at any point between application and completion. Customers would become eligible if such legal proceedings were withdrawn or discontinued;

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- Assured shorthold fixed-term customers where original term is less than two years (although time spent holding such tenancy may count towards the 3 year qualifying period);
 - Assured fixed-term customers where the original term is 21 years or more;
 - Assured customers in shared housing.

² A Localism Act fixed term tenancy is a fixed term assured shorthold tenancy granted by a housing association, in line with Part 7 Localism Act 2011 and the Regulator of Social Housing's Tenancy Standard, for a fixed term of at least 2 years (and usually 5 years)

³ Joint customers can apply. This text applies to joint applicants

- They already own a property at the point of application; and will not end their ownership on or before the completion of the Voluntary Right to Buy;
- They hold an assured fixed term tenancy where the original term was 21 years or more (i.e. A long term tenancy);
- They occupy only a room, or rooms, in a shared house or flat, even if the terms of the occupancy amount to an assured tenancy;
- They are a shared ownership customer.

Customers with the Preserved Right to Buy and Statutory Right to Buy are ineligible for the voluntary scheme; they already benefit from the Right to Buy discounts available for local authority customers.

Customers who currently have the Right to Acquire will retain this right but they will also have access to the Voluntary Right to Buy, assuming they meet the eligibility criteria for the scheme and their property is included for sale.

5.2 Unique Reference Number (URN)

Before an applicant can become eligible, and Orbit can process an application, the customer must log their interest on the Government Portal and wait to be allocated a Unique Reference Number (URN). The Government are operating a 'ballot' system to allocate URNs to customers through a random selection process. Orbit has no control over this system and until a customer receives an URN, Orbit will not accept any application.

Online forms received without this URN cannot be accepted and will be declined. A new application will have to be submitted by the applicant.

5.3 Customer Verification

All customers listed on the tenancy agreement must agree to purchase the property or sign the declaration in the VRTB application form to say that they do not wish to be included in the purchase.

All signatures will be checked against the Tenancy Agreement. If there is any discrepancy then the customer/s will be asked to provide further evidence such as a Passport or Driving Licence. Customers may also be asked to come into the office with ID and sign in front of the VRTB Officer.

If the customer/signature cannot be verified then the application will be suspended until it has been. If the verification has not occurred after 8 weeks, the application will be cancelled.

5.4 Sharing Family Members

If the customer is applying jointly with a spouse, civil partner and/or up to 3 family members they must:

- Demonstrate that it is the main home of every applicant
- Prove that it has been their residence for at least 12 months

No joint applicant can be added to or removed from the application during the process without voiding the application requiring a re-application by the customer.

It is the responsibility of the customer to prove the qualification of any sharing family member (SFM). Proof of residency will include:

- P45, P60 or payslip
- Current benefit or pension claim letter, book or card
- A utility or council tax bill
- Bank or credit card statement
- Mobile phone bill

Doctor's letters and Statutory Declarations will not be accepted.

If an application is received which includes a SFM but the relevant evidence is not included the SFM will be denied.

5.5 Qualifying Period

The qualifying period, and the period on which the discount is calculated, can include:

- Non-consecutive periods as public sector customers
- All un-demoted secure or assured tenancies
- Fixed term assured short hold tenancies as long as they don't apply to the property being purchased
- Any probationary periods as long as they have been completed or do not apply to the property being purchased
- Any period spent as a public sector licensee (e.g. alms houses, MOD customer) even though they cannot buy such properties under the scheme

- The qualifying period, and the period on which the discount is calculated, cannot include time spent as a non-customer adult in a parental home.
- The onus is on the applicant to demonstrate that they qualify for the whole eligibility period being claimed. In exceptional circumstances, customers can make a statutory declaration, but this would need to be supported by some indirect evidence (e.g. that the public sector landlord owned the relevant property for the period in question).

It is the customer's responsibility to provide evidence of any tenancies held with other public bodies. The customer should provide either:

- A letter from the landlord confirming the tenancy start and end date and the name of the customers.
- A copy of the rent card showing the names of the customers and the start and end date of the tenancy.

5.6 Exempt Properties

Under the voluntary scheme Orbit's Board of Directors has exercised discretion and decided not to sell a range of properties. Orbit's Property Exclusion Policy outlines the circumstances when a property will not be sold and the rationale for that decision. Orbit reserves the right to review and amend the following exclusion criteria throughout duration of the pilot.

Orbit's Voluntary Right to Buy Property Exclusion Policy is available [here](#).

5.7 Portable Discounts

In the event that Orbit exercises its discretion not to sell a property to an eligible customer, that customer has the option of using their discount to buy an alternative home under the terms of our Portable Discount Policy. Only customers whose properties are excluded can opt to transfer to another property and purchase that property under the VRTB.

Orbit's Voluntary Right to Buy Portable Discount Policy is available [here](#).

5.8 Application Fee

When an application has been admitted, the customer must pay a fee. The fee amount will be advertised on the Orbit website. The application cannot proceed, and a valuer cannot be appointed, until this fee is paid.

The fee can only be paid by debit or credit card directly to Orbit. Cheques will not be accepted.

If the customer is unable to proceed because they fail the eligibility test, or because the property is subject to the discretion not to sell, this fee is refundable. The fee is also refundable on successful completion of the sale.

The fee is non-refundable once the application has passed valuation stage and if the customer decides to withdraw their application after a valuation, the application fee will be retained by Orbit.

5.9 Valuing the Property

Valuations must be carried out by a RICS qualified valuer. Orbit will give the customer a choice of three valuers approved by Orbit. The customer must choose one of the valuers from the three provided and confirm their choice of valuer within three working days.

Contact details of the customer will be passed to the valuer. The valuer will make direct contact with the customer to make arrangements for the home visit. If the customer does not engage with the valuer, or misses two appointments, the application will be closed.

The valuer will survey the property and mark out the boundary lines. It is the customer's responsibility to identify any outlying buildings such as garages or sheds that should be included in sale; these will be verified by Orbit.

Information that should be supplied to the valuer is listed in the VRTB procedure.

5.10 Disputing the Valuation

The customer has the right to dispute the valuation. The second valuation must be carried out by a valuer from the original list and the cost must be met by the customer.

If Orbit disputes the valuation then there will be no additional cost to the customer for the second valuation.

5.11 Repairs after application

No repairs will be carried out to the property once the application has been received unless they are required for Orbit to comply with:

- Section 11 Landlord and Customer Act 1985
- Environmental Protection Act 1990
- Section 4 Defective Premises Act 1972

No planned improvement works will be undertaken to the property once the application has been received.

5.12 Calculating the Discount

For each complete year of confirmed tenancy, the customer is entitled to receive a discount based on a percentage of the open market value of the property. The monetary value of this percentage is deducted from the market valuation of the property.

5.12.1 Freehold

The customer is awarded a 35% discount for the first five years and a further 1% for each additional complete year of confirmed tenancy, up to a maximum of a 70% discount or £80,900, whichever is lower.

5.12.2 Leasehold

The customer is awarded a 50% discount for the first five years and a further 2% for each additional complete year of confirmed tenancy, up to a maximum of 70% or £80,900, whichever is the lower.

It is the customer's responsibility to provide evidence of any tenancies held with other public bodies that they wish to be taken into consideration for the calculation of discount. The customer should provide either:

- Tenancy agreements from current and previous tenancies that prove tenancy start dates, showing the names of all tenants on the tenancy
- A letter from the landlord confirming the tenancy start and end date and the name of the tenants on the tenancy.
- A copy of the rent card showing the names of the customers and the start and end date of the tenancy.

If neither of the above is available then Orbit will accept a Statutory Declaration but only when accompanied by:

- A copy of the electoral register confirming occupancy during the period being claimed.
- A letter from the landlord confirming the property was in their ownership during the period being claimed.

5.13 Funding

An application can only proceed if the funding for the discount is available through the Government. Funding must be checked before the formal offer is made to the customer.

5.14 Offer Notice

Once the valuation has been received Orbit will issue a formal offer to the customer confirming the valuation, discount and selling price. If the property is leasehold, the formal offer will also confirm details of service charges and an estimate of costs of services and works expected over the next five years.

A full list of what has to be included in the Offer Notice can be found in the VRTB procedure.

5.15 Completing the Sale

The customer must confirm in writing that they wish to proceed with the sale. Confirmation must include details of the solicitor acting and how the purchase is being funded.

If the customer is securing a mortgage, the lender must be registered with the Financial Conduct Authority.

If it is a cash purchase then the customer must provide evidence of how this is being funded, for example, copies of bank statements, supporting letters and I.D.

Completion cannot take place unless the rent account is clear. All arrears must be paid prior to completion.

No delay notices will be sent to the customer. Timescales will be clearly outlined throughout the process and it is the customer's responsibility to ensure these are adhered to. Failure to adhere to the timescales will mean the application is automatically cancelled.

5.16 Repayment of Discount

The voluntary scheme sets out where a discount will be repayable on a sliding scale if the property is sold or sub-let within a set number of years from the date of sale. Orbit will explain this requirement during the purchase process and a charge will be placed on the title deed when the property is sold.

If the customer **sells or sub-lets** the property within the first five years, the amount of discount received is repayable as follows:

Full repayment of the entire discount is required if the property is sold within the first year. After that, the total amount customers pay back reduces to:

- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year.

Discounts will also be repayable if the customer is found to be in breach of terms of the sale, lease or is found to have committed fraud.

5.17 Right of first refusal upon re-sale

If a customer decides to sell their home within ten years of buying it through the Voluntary Right to Buy, as the landlord, Orbit will have the right of first refusal. The customer must first offer it to Orbit, or if we do not want the

property, we can instead nominate another association to carry out the purchase.

If Orbit is interested in buying the property, it should be sold at the full market price agreed between Orbit and the former customer. A RICS qualified surveyor will undertake the valuation. Orbit will inform the tenant whether or not we will be buying the property within 8 weeks of notification by the former customer.

5.18 Legal charge

Customers will complete a legal charge at the point of sale to ensure that where the customer has borrowed against the property the landlord's ability to enforce repayment of the discount, where the conditions of the discount are breached, has priority over other lenders.

5.19 Appealing any decision made by Orbit

If the customer disputes a decision made by Orbit then this should initially go to the Resolution Team for investigation. The Resolution Team will check the VRTB policy and VRTB procedure and ensure that this has been followed; if it has then the appeal will not be upheld.

If a decision has been made that falls outside of the VRTB policy, or VRTB procedure then this will be investigated by the Home Ownership Services Manager (HOSM). The HOSM will confirm if the customer has been treated fairly and reasonably. If it is found that the appeal should be upheld then the HOSM will provide an appropriate and proportionate remedy.

If the customer is still not satisfied then they are able to make a complaint about the service they have received and this is managed under our **Complaints Policy**.

5.20 Fraud and exploitation

If at any time during the application process there is any suspicion of fraud or money laundering, Orbit will suspend the application to carry out investigations.

6. EQUALITY AND DIVERSITY

- 6.1 Orbit policies are developed in line with our Equality and Diversity policy approach. An Equality Analysis has been conducted and the details can be accessed through myPolicy. If you do not have access to myPolicy please contact the Policy and Standards team for a copy.
- 6.2 We recognise that not everyone has ready access to a computer and the internet. If you have difficulty accessing the Government's 'Digital Gateway' or online information, then please get in touch with our Customer Service Centre on 0800 678 1221, and we will be able to assist you. Equally, let us know if you require the application form in hard copy, large print or any other accessible format.

7. COMPLAINTS

- 7.1 Anyone is able to make a complaint about the service they have received and this is managed under our **Complaints Policy**.

8. DATA PROTECTION

- 8.1 Orbit collects information ('personal data') so that we can manage and support our relationship with our customers, comply with legal obligations, improve our services and achieve our legitimate business aims. We are committed to complying with data protection legislation when handling customers' data. Customers have rights around their data, including the right to access their data, and to object to the way it is processed. For more information on how and why we process customers' data, and how customers can exercise their rights, please see our full Privacy Policy on our website at www.orbit.org.uk/privacy-policy/.

9. MONITORING AND ACCOUNTABILITY

- 9.1 Compliance with this policy will be monitored by the Customer Services SMT through regular bi-monthly reporting. CSSMT will receive a report outlining the process of the pilot. Any issues will be highlighted and actioned.

10. REVIEW

- 10.1 This policy is time-limited for the duration of the VRTB pilot which is expected to run for two years. We will carry out a fundamental review of this policy prior to the national roll-out of the VRTB to reflect any learning.