Sanctuary

Preserved Right to Buy: what you can expect from us

Customer guide

This guide explains what Preserved Right to Buy is, who may qualify, how to apply and what happens at each stage. It also explains discounts, service charges, delays, selling your home and why an application may end.

What is Preserved Right to Buy?
Preserved Right to Buy is a legal right for some former council tenants whose home was transferred to a registered social landlord. If you qualify, you may be able to buy your home for less than its current value.

Who may qualify

You may have Preserved Right to Buy if all these points apply:

- You were a secure council tenant when your home transferred to us.
- You became an assured tenant only because of that transfer.
- The home is your only or main home.
- Your home was transferred from a local authority, or you moved to another qualifying home with the same landlord.
- You have enough qualifying time as a public sector tenant.

Some homes and tenancies are excluded. We will check your tenancy history, your home and any legal restrictions before deciding.

Who can apply with you

Your spouse or civil partner may apply with you if the home is their only or main home. A partner who lives with you as a spouse or civil partner is also treated as a family member.

Up to three other family members can apply with you. They must have lived in the home for at least 12 months before you apply. This 12-month rule does not apply to your spouse.

When you may not be able to buy

You may not be able to use Preserved Right to Buy if:

- a court has ordered you to give up the home
- you have a bankruptcy case in progress or you are still subject to bankruptcy restrictions
- you have an arrangement with creditors that is not complete
- you have a demotion or suspension order linked to antisocial behaviour.

If you have a demotion order, you will lose your Preserved Right to Buy. A court may also pause an application because of antisocial behaviour.

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How to apply and what happens

Complete and send us a Right to Buy application form, known as RTB1. Everyone applying must sign the form. You will also need to complete our anti-money laundering declaration and provide proof of your identity and address.

1. We check your application

We check your form, tenancy history and the ownership of your home. We also check bankruptcy information and whether any repairs or improvements are planned. If information is missing, we may ask a previous landlord to confirm your history.

2. We tell you our decision

We send an RTB2 notice within four weeks of receiving your application. It confirms whether you qualify. If you do not qualify, it explains why.

3. We value your home

If you qualify, a qualified valuer works out your home's open market value based on the date we received your application. Any improvements you have made will not be included in the valuation. We will also arrange an Energy Performance Certificate.

4. We send you an offer

We send you a Section 125 offer notice within eight weeks of the RTB2 notice if your home is a house, or within 12 weeks if it is a flat. Your offer will include the price, valuation, discount, condition of the property, any relevant defects, your rights, estimated service charges and any proposed significant works.

5. You decide

You have 12 weeks from the Section 125 offer notice to return the Section 125D notice to tell us if you want to continue and to provide your solicitor details. If you do not respond, we send an Section 125E notice giving you 28 more days. If you still do not reply, we treat your application as withdrawn.

6. The sale progresses

If you accept the offer, we will instruct our solicitor who will prepare the transfer or lease. Checks will be made before completion, including anti-money laundering checks, confirmation of funds, any debts and reviewing the legal documents. The sale should be completed within three months of you accepting the offer, provided there are no outstanding issues.

Your price and discount

The price you pay is usually the open market value of your home, minus your discount. The amount of discount depends on how long you have been a qualifying tenant and whether your home is a house or flat.

House: You receive a 35% discount after five qualifying years, plus 1% for each extra complete year.

Flat: You receive a 50% discount after five qualifying years, plus 2% for each extra complete year.

Limits on your discount

There is a legal limit on the cash discount you can receive. This limit ranges from £16,000 to £38,000, depending on the region. We will use the discount for your region when we calculate your offer.

The cost floor can also limit your discount. This is the minimum price we can sell your home for, based on certain costs we have paid to buy, build, repair or improve it during the previous 15 years. If your discount would take the price below the cost floor, we will reduce the discount. If the cost floor is higher than the market value, you will pay the cost floor amount and will not receive a discount.

If you have received a Right to Buy discount before, we will reduce your new discount by the amount you previously received, minus any amount you repaid.

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If you disagree with the valuation

You must tell us in writing within three months of the Section 125 offer notice. We will ask the District Valuer, an independent government valuer, to decide the value and send you a new offer based on that decision.

You or we can ask for a review within 28 days of the District Valuer's decision, but only if the facts used to decide the value were wrong. The District Valuer must reply within 14 days.

Service charges

You may need to pay service charges whether your home is a house or flat. These can cover shared services and repairs, buildings insurance, management costs, money set aside for future work, regular maintenance and improvements.

Your offer will include estimated service charges where these apply. If you are buying a flat, it will also include any major repairs or improvements we know are planned for the next five years and six months that you may need to help pay for.

Any expected spending during the first five years after the offer must be included in the offer. If it is not included, it cannot be collected during that five-year period.

Before completion

We will agree a completion date with the solicitors and give at least four weeks' notice. You must pay any rent arrears, service charges and other debts before completion. Rent owed for less than four weeks can be paid with the completion funds on completion. We do not have to complete the sale if an amount has been unpaid for four weeks or more.

Your mortgage must be with an approved lender. Before the sale, we also deal with any existing legal charge on the property.

If the purchase is delayed

If the purchase has not moved forward three months after the Section 125 offer notice, and we have no work left to do, we may send you two notices to complete. The first notice gives you 56 days to complete. If the purchase hasn't completed within this time, we may send you a second notice giving you another 56 days. If the sale still does not complete, we may cancel your application.

If we cause an unreasonable delay and do not tell you about it in writing, you may be able to use the legal delay process. You can also make a complaint to us or to the organisations named in the legal process.

If you sell your home

You may need to repay some or all of your discount if you sell within five years. The amount is based on the original discount percentage and the home's resale value. It reduces by one fifth for each complete year after purchase:

- year one: up to 100% of the discount percentage
- year two: up to 80%
- year three: up to 60%
- year four: up to 40%
- year five: up to 20%

No repayment is due after year five. Any increase in value caused by improvements you made is ignored when repayment is calculated.

In some circumstances, you may not need to repay the discount. This includes some transfers to family members, a spouse or civil partner, under a will or intestacy, through compulsory purchase, or under certain family court orders.

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Offering the home back

For ten years after you buy, you or a later owner must first offer the home back to the former landlord before selling it. This requirement is recorded against the property title and as a Local Land Charge.

When an application ends

We will cancel your application if you decline the offer, do not reply to the final notice, or do not complete after the required notices and deadlines. We will write to you and explain why.