



# Thinking of buying?

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Your right to buy  
your council home



**NORWICH**  
City Council

Tenant  
**approved**

Buying your home is probably the biggest financial decision you will ever make so it's important to consider whether it is the right choice for you. **You might find it helpful to visit our website on [www.norwich.gov.uk/righttobuyyourhome.aspx](http://www.norwich.gov.uk/righttobuyyourhome.aspx)** – The site has links to all government and council booklets regarding the Right to Buy plus other useful information and downloadable forms.

When buying a **house** or bungalow, you will purchase the freehold and own the property outright.

When buying a **flat** or maisonette, it is usual to purchase the leasehold. This allows you and your successors to live in the property for a fixed period, usually 125 years. The council will still own the block.

Any land let together with your home (for example, gardens and garages) will normally be treated as part of your home.

## Who has the right to buy?

A secure tenant has the right to buy after a qualifying period totalling three years as a public sector tenant and/or a tenant of armed forces accommodation.

You may be able to buy your home with members of your family who have lived with you for the past 12 months, or someone who is a joint tenant with you.

The main reasons that you cannot buy your home are:

- if a court makes a possession order which says that you must leave your home
- if you are an undischarged bankrupt
- if you have a bankruptcy petition pending against you
- if you have made an arrangement with creditors (people you owe money to) and you still owe them money
- if your home is particularly suitable for occupation by elderly people
- if you are living in sheltered housing for the elderly, the physically disabled, the mentally ill or the mentally disabled.

Further information is available in the leaflet '*Your right to buy your home*' which is produced by the Department of Communities & Local Government. You can get a copy from City Hall, from **[www.norwich.gov.uk](http://www.norwich.gov.uk)** or from **[www.righttobuy.communities.gov.uk](http://www.righttobuy.communities.gov.uk)**

## Applying to buy your home

If you wish to buy your home you need to get an application form from the council which you must complete and return. Be wary of accepting application forms from other sources. The application form is an important legal document so it is a good idea to return it by recorded delivery or to deliver by hand and obtain a receipt. You should keep a copy of the completed form for yourself.

## Costs of buying

There are many costs associated with buying a property. As well as finding the purchase price (upfront in cash or with a loan), you will also have to maintain the property. If you buy a property with a leasehold you will have to pay additional service charges (see page 8).

Norwich City Council and the District Valuer (see page 9) won't make any charges for processing your application to buy your home.

## Mortgage

Unless you are going to buy your home with cash, you will need a mortgage (a loan to buy property). There are various kinds of mortgage which a bank, building society or an independent adviser can tell you about.

You may have to pay for the cost of arranging the mortgage and will also have to pay a valuation fee.

If you cannot keep up the repayments on your mortgage, the lender may go to court and ask to take over your home. **The council does not have to give**

## **you another tenancy if you lose your home in this way.**

If you lose your income through unemployment, you will need to get information from Job Centre Plus about claiming income support against your mortgage.

### **Legal advice**

You should employ a solicitor or a licensed conveyancer to look after the legal side of buying your home. The Citizens Advice Bureau can advise on local firms, and your local public library should have a list of the solicitors in your area and the type of work they do. Before employing anyone, always ask how much their advice will cost.

### **Survey**

You should have a survey of your home carried out after you receive notice from the council informing you of the sale price and conditions of sale. Make sure you find out the cost before you go ahead with the survey. You should consider either:

- a Royal Institution of Chartered Surveyors (RICS) Home Buyers' Survey and Valuation. This is a report and valuation in a standardised format outlining all significant defects
- a building survey. This involves a detailed examination of all the visible parts of the property. It is a good idea to undertake such a survey if the property is old, obviously in need of repair, or if you are considering making alterations. This type of survey may not be available if your home is a flat.

You can obtain more information about both of these surveys from the [Royal Institution of Chartered Surveyors](http://www.rics.org), telephone **0870 333 1600**, or you can visit their website at [www.rics.org](http://www.rics.org).

## Registering ownership

When a sale is completed, you must pay the land registry to register you as the new owner, this will cost around £40.

## Stamp duty

For properties over £125,000 you will have to pay stamp duty. This is a tax based on a percentage of the price you pay for the property.

## Other regular costs of home ownership

- **Council tax**

This is a separate charge billed directly to you by the council whether you are a tenant or home owner. A small amount of tenants pay council tax as part of their rent. In these cases council tax will be paid as a separate bill when you buy your home.

- **Water charges**

You may pay water charges as part of your rent, but if you buy your home you will have to pay these separately, straight to the water services company.

- **Gas/electricity charges**

You may pay gas or electric charges as part of your rent. If you buy a house, you will have to pay these separately, straight to the services company.

If you buy a flat, you will also have to pay a share of the cost of services supplied to communal areas

and a share of the cost of using any shared heating scheme. Your share of the cost will be charged to you in the form of service charges.

## Insurance

You will need to consider taking out insurance cover for your home and mortgage. There are four main types:

- **Buildings insurance.** This is essential, as it covers the full cost of rebuilding your home if it is destroyed by fire or some other incident. In the case of flats, the council arranges this insurance and you will make a contribution. If you need a mortgage to help buy your home, the lender will insist that you have buildings insurance.
- **Contents insurance.** You should insure the contents of your home against theft and other risks.
- **Life assurance.** This will pay off your mortgage if you die before the end of the mortgage period. It means that your family is not left with the heavy burden of mortgage debt.
- **Mortgage payment protection insurance.** You need to think seriously about how you would meet your mortgage repayments if you lost your income, for example, through unemployment or ill health. In many cases, mortgage payment protection insurance will give you the security that you need.

There are various insurance policies offering cover against these risks. The terms, level of cover and costs vary. You should therefore shop around for policies that best suit your needs.

## Flat or maisonette owners (leaseholders)

The council is responsible for the upkeep of the building as a whole and any communal areas and facilities. All leaseholders have to pay a share of the council's costs for this work; known as service charges. Your share is based on the number of flats or maisonettes in the block.

Service charges can be several hundred pounds each year, or much more if the block needs major repairs or maintenance, such as a new roof or new windows, and improvements. To get a rough idea of your service charges it is worth asking an existing leaseholder from your block, or you could contact your local residents' or leaseholders' association.

Your service charges can include charges for two different kinds of work:

- **annual charges** for day-to-day maintenance and building services
- **major works** service charges, payable as a lump sum when large-scale repair or refurbishment work is needed.

As a leaseholder, you have to pay the council a nominal rent (known as a **ground rent**) of £10 a year, which is included in the annual service charges.

If you decide you want to buy, the council must give you an estimate of any service charges payable during the first five years of your lease. The council cannot charge you more than the estimated 'major works' service charges during the first five years of your lease, except to take account of inflation.

However, the annual charge can change during the first five years.



There is no limit on charges for repairs and improvements carried out after the first five years. Remember that you will have to pay **major works** service charges whenever your block is repaired. Ask the council about schemes to help you with this.

Further information is available in the leaflet *'Thinking of buying a council flat'* which is produced by the Department of Communities & Local Government. You can get a copy from City Hall, from [www.norwich.gov.uk](http://www.norwich.gov.uk) or from [www.righttobuy.communities.gov.uk](http://www.righttobuy.communities.gov.uk)

## House owners (freeholders)

You will be responsible for the costs of all repairs and maintenance, regardless of the condition of the property when you bought it. Some freeholders may also have to pay service charges for the repair and maintenance of shared communal areas on an estate, for example, pathways, play areas and gardens.

## Internal maintenance

You will be responsible for keeping the inside of your home in good repair.

## The right to buy process

Once you have applied to buy your home and the council has agreed, the property will be valued by the council. If you disagree with the valuation you may ask for the District Valuer to carry out a revaluation. This office is separate from the council and their decision is final. If the District Valuer's valuation is higher than the

original council's valuation, you will have to accept it or withdraw your application to buy.

You will receive a discount on the value of the property, based on the length of your tenancy. This will be a percentage of the property value, up to a maximum amount. In April 2015 the maximum discount was £77,900.

This figure increases annually by a percentage equal to the percentage change in the consumer price index (rounded down to the nearest £100) so may have increased at the point you submit an application.

The council will send you an offer notice that provides:

- a description of the property
- the price the council thinks you should pay for the property. This is determined by calculating how much your home was worth at the date on which you submitted your application form and then subtracting your discount. Any improvements you have made will not affect the price. If your discount is reduced because of the maximum allowed, the notice must say so
- estimates of the service charges or improvement costs you will have to pay during the first five years if you buy a flat or maisonette
- descriptions of any structural defects that the council knows about
- the terms and conditions that apply to the sale.

If you are happy with the council's terms for selling your home to you and have arranged to raise the

money, you are ready to go ahead and buy. You should inform the council that you want to proceed, and ask your solicitor for advice on the legal documents and making your payment. It may take a couple of months before you become the owner of your home.

You can take the time you reasonably need to obtain a mortgage or legal advice. You can also take time to discuss the terms of the sale with the council.

You should aim to let the council know as soon as you are ready to go ahead and buy as there are set timescales to complete the process. **If the council doesn't hear from you it may send warning notices, after three months, requesting you complete your purchase. If you still do not complete, your application will be cancelled.** It will help things to go smoothly if, throughout the process, you or your solicitor keeps the council informed on your circumstances, such as how you are progressing with raising the money, or any other issues that may delay the purchase.

Most sales go through quickly, but sometimes there are problems or delays. If you consider that the council is not keeping to the legal timescales, you have the right to challenge the council and should get further details from them.

## Resale

**If you sell your property within five years of buying your home from us, you will normally have to pay the council a percentage of the resale value.**

This valuation does not include the value of any improvements that you made after you purchased the property from us. The amount that you will have to

repay will be determined by the discount you received when you bought your property, expressed as a percentage of the value on which the sale was based.

For example, if the right to buy valuation was £150,000 and the discount was £60,000, the discount expressed as a percentage of the value is 40 per cent. If you sell your property within the first year for a price of £175,000 (without the price being increased by improvements), the maximum that the council can require you to repay is 40 per cent of that amount, being £70,000.

After every full year you own your home, the amount of discount you must repay decreases by one-fifth.

So if in the above example you were selling your property three years after purchase, the amount of discount you would be expected to repay would be two-fifths of 40 per cent, or 16 per cent of £175,000 (£28,000).

### **The value of your home can go down as well as up.**

For each complete year which has elapsed after the sale, the maximum amount you will have to repay is reduced by one-fifth. For example four-fifths in the second year, three-fifths in the third year, two-fifths in the fourth year and one-fifth in the fifth year.



If you would like this information in another language or format such as large print, CD, audio cassette or Braille please email [info@norwich.gov.uk](mailto:info@norwich.gov.uk) or call 0344 980 3333