



Title: Voluntary Right to Buy - Housing Policy

Business Function: Sanctuary Housing Association

Author: Legal Services

Authorised by: Executive Committee

Sanctuary Group

Sanctuary Group is a trading name of Sanctuary Housing Association,
an exempt charity, and all of its subsidiaries.

Uncontrolled copy if printed

1. Policy statement

- 1.1 The Midlands Voluntary Right to Buy (VRTB) pilot commenced on 16 August 2018 and is open to participating housing association tenants in the East and West Midlands. Therefore, this policy only applies to Sanctuary Housing Association and Sanctuary Affordable Housing Limited (collective known as Sanctuary Housing for this policy) properties within these specified areas.
- 1.2 The key principles of the VRTB agreement between the Government and the housing association sector (via the National Housing Federation) are:
- discounts on a par with the existing Right to Buy scheme;
 - individual housing associations can determine their own property eligibility criteria but must offer an alternative to which the applicant can 'port' their discount if their current property is excluded by these criteria;
 - housing associations will receive the full market value of the property sold, with the amount equivalent to the discount being funded by Government; and
 - for every home sold through VRTB, a new affordable property will be built.

2. Responsibilities for implementation

2.1 Group Director - Housing

- 2.1.1 The Group Director - Housing has responsibility to ensure this policy is followed and managed appropriately.

2.2 Operations Director - Housing Services

- 2.2.1 The Operations Director - Housing Services has responsibility to ensure that Sanctuary Housing is compliant with legislative/regulatory requirements and good practice. They are also responsible for reviewing any appeals in relation to VRTB.

2.3 Heads of Housing, Operations Managers, Line Managers

- 2.3.1 Managers have day to day responsibility to ensure:

- this policy is communicated with all staff;
- suitable and sufficient instruction is provided; and
- this policy is followed by all staff.

2.4 Sanctuary Housing employees

- 2.4.1 To assist Sanctuary Housing in carrying out its obligations, employees must:

- be aware of, understand, and comply with this policy and any related operational guidance; and
- communicate any issues with implementing this policy to their line manager and identify opportunities for continuous improvement.

2.5 Legal Services

2.5.1 Legal Services is responsible for the effective implementation of this policy, and the recording and processing of VRTB enquiries.

3. References and sources

- [Housing Act 1985](#)
- [Sections 64 - 65 and 67 - 68 Housing and Planning Act 2016](#)
- [Paragraph 11/Schedule 11 - Antisocial Behaviour, Crime and Policing Act 2014](#)
- [Part 7 Localism Act 2011](#)
- [Social Housing's Tenancy Standard](#)
- [Capital Funding Guide](#)
- [The National Housing Federation](#)
- [Homes England](#)
- [MHCLG Right to Buy team](#)
- [Governments Voluntary Right to Buy website](#)
- [Anti-Money Laundering - Group Policy and Procedure](#)
- [Fraud Investigating and Reporting - Group Policy and Procedure](#)
- [Voids, Allocations and Lettings - Housing Policy and Procedure](#)

4. Impact on diversity

4.1 This policy applies to Sanctuary Housing as outlined above.

4.2 Sanctuary Group demonstrates its commitment to diversity and promoting equality by ensuring that this policy is applied in a manner that is fair to all sections of the community, with due regard to the protected characteristics identified under the Equality Act 2010 and in accordance with its 'Fairness for All' Single Equality Scheme.

5. Tenant consultation

5.1 In its manifesto, the Government made a commitment to extend the Right to Buy to housing association tenants.

5.2 An initial pilot ran during 2016/2017 with five housing associations across England. The Midlands pilot aims to test specific aspects of the policy not tested in the initial pilot. Sanctuary Housing is taking part in this pilot to enable its tenants to be part of, and contribute to, the testing process.

6. Monitoring and compliance

6.1 Ongoing compliance will be ensured by a close working relationship between Sanctuary Housing and Legal Services. Regular updates, ad-hoc updates driven by legislative changes, or communication from relevant regulatory/legislative bodies, will be disseminated as appropriate.

6.2 Period of review

6.2.1 Until a new policy is formally adopted this document will remain in force and operational.

6.2.2 This policy will be reviewed in accordance with the policy review programme agreed by Executive Committee.

6.2.3 If there are significant changes to legislation or regulation or there are found to be deficiencies or failures in this policy, as a result of complaints or findings from any independent organisations, the Group Director - Corporate Services/Group Director - Housing will initiate an immediate review.

6.2.4 Where appropriate, key stakeholders and interested parties will be consulted as part of any review of this policy.

7. Approval

7.1 This policy is approved by Sanctuary Group's Executive Committee.

Operational processes

1. Tenant eligibility

1.1 Eligible tenants

1.1.1 In order to be eligible to VRTB, a tenant must meet certain eligibility criteria. Tenants are eligible if:

- they can prove they have been a tenant of social or affordable housing for at least three years (this need not have been with the same landlord, or continuous). This period of time is known as the Qualifying Period - see 1.1.2;
- they currently hold an un-demoted secure tenancy, an assured tenancy, or a Localism Act fixed term tenancy;
- they can demonstrate that the property is their main home and they have resided in it for at least the last 12 months;
- they are applying jointly with up to three family members, these applicants must also be able to demonstrate that it is their main home and it has been their residence for at least the last 12 months. No joint applicant can be added to or removed from the application during the process without voiding the application, requiring a reapplication by the tenant(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.

1.1.2 Qualifying period

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

- non-consecutive periods as public-sector tenants;
- all undemoted secure or assured tenancies;
- fixed term assured short hold tenancies as long as they do not 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; and/or
- any period spent as a public-sector licensee (e.g. alms house; MOD tenant) even though you 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-tenant adult in a parental home.

The onus is on the tenant to demonstrate that they qualify for the whole eligibility period being claimed. In exceptional circumstances, the tenant 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).

1.2 Non-eligible tenants

1.2.1 Tenants are not eligible for the VRTB pilot scheme if:

- they have Preserved Right to Buy or 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 two 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. The tenant will become eligible if they move to a new property or are granted a new tenancy;
- they are residents of almshouses;
- they have any rent arrears;
- they or any joint applicants are subject to bankruptcy proceedings or unfulfilled credit arrangements;
- they have committed antisocial behaviour as defined in the Paragraph 11 of Schedule 11 to the Antisocial Behaviour, Crime and Policing Act 2014 and Sanctuary Housing has initiated legal proceedings as a result of this. The tenant 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. The tenant would become eligible if such legal proceedings were withdrawn or discontinued, or if Sanctuary Housing failed to send papers to the court for issue within six months of expiry of the NOSP, or Sanctuary Housing loses the case in court (including following any appeal);
- they are subject to legal proceedings at any point between application and completion. The tenant would become eligible if such legal proceedings were withdrawn or discontinued;
- they already own a property at the point of application; and will not end their ownership on or before the completion of the VRTB;
- 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; and/or
- they are a shared ownership tenant.

1.3 Tenants who wish to apply must register on the Government portal during the month following the launch date. After this time, the portal will be closed and a ballot will take place. Tenants selected through this process will be issued with a Unique Reference Number (URN); they can then approach Sanctuary Housing to begin the process.

2. Property eligibility

2.1 Some properties are not eligible for purchase under the VRTB pilot scheme as a result of Government requirements, Sanctuary Housing's criteria, legal and contractual barriers, or financial reasons. However, tenants may still be eligible and able to 'port' their discount to another property owned by Sanctuary Housing; see Section 3 - Portability process.

2.2 Sanctuary Housing can only sell a property to a tenant when the necessary permissions, consents, and agreements have been obtained from Homes England.

2.3 Property exclusions

2.3.1 For legal and contractual reasons, Sanctuary Housing will not be able to sell:

- properties subject to sales restrictions under planning agreements, also known as Section 106 agreements;
- properties that are found to have restrictive covenants registered on their titles which prevent sale;
- properties that are pledged as security against the loans that it borrows, but are unable to be released;
- properties that are subject to restrictive nomination agreements which prevent their sale;
- almshouses;
- properties provided through charitable or public benefit resource or bequeathed;
- flats in which Sanctuary Housing does not have sufficient legal interest to be able to grant a lease of greater than 50 years; and
- properties for which clawback arrangements exist.

2.3.2 Following due consideration, Sanctuary Housing has also decided not to sell:

- properties that are let in connection with employment;
- any property in a regeneration area that is earmarked for demolition as part of a larger scheme; and
- other properties that it considers would be inappropriate to sell, taking into account all reasonable considerations and circumstances.

2.3.3 In line with the Government's guidelines, houses that Sanctuary Housing leases from another organisation or individual are ineligible for the VRTB pilot scheme. This does not affect flats that Sanctuary Housing leases.

2.3.4 For financial reasons, Sanctuary Housing is unable to sell properties with a market value lower than the amounts it has invested in it.

2.3.5 The Government has decided that certain properties, which are traditionally described as 'sheltered' or 'supported housing', do not form part of the VRTB pilot scheme. As a result, tenants of the following properties will be automatically ineligible and unable to port their discount to another property:

- properties with shared facilities or services, e.g. kitchen or bathroom, i.e. property is not fully self-contained;
- properties designed for older people, grouped in a scheme with significant shared facilities; and
- properties into which Sanctuary Housing provide housing-related support services.

3. Portability process

3.1 In certain circumstances, a tenant may be eligible for the VRTB pilot scheme but their property is not eligible for purchase for the reasons outlined in 2.3. In this case, the tenant may be able to port their discount on another property owned by Sanctuary Housing.

3.2 Sanctuary Housing will make the tenant a reasonable offer from its available housing stock, if a property is identified that meets the tenant's needs.

Note: Sanctuary Housing is unable to make any assurances that it will be able to provide a property that the tenant deems to be suitable.

Note: The tenant will be unable to port their discount to another property if their current property is eligible to be sold.

3.3 Identifying an alternative property

3.3.1 The following properties will be considered when deciding what property may be most appropriate:

- properties that are currently empty;
- properties that are due to become empty; and
- properties that Sanctuary housing is currently building.

3.3.2 Sanctuary Housing cannot guarantee that the alternative property offered will be the same size or in the same location. However, where feasible, the following factors will be taken into consideration:

- where the tenant/their family currently live and work;
- how many people live in the household;
- where the available and eligible properties are located; and
- which of the available properties are ready for occupation.

3.3.3 The alternative property does not have to be in line with/same criteria as the property within which the tenant currently resides. Instead, the size of the alternative property will reflect the terms of Sanctuary Housing's [Voids, Allocations and Lettings - Housing Policy and Procedure](#):

- one bedroom for every adult couple;
- one bedroom for any other person aged 16 or over;
- one bedroom for any two children under 16 of the same sex;
- one bedroom for any two children aged under 10, regardless of sex; and
- one bedroom for any additional child under 16.

- 3.3.4 Tenants cannot use their discount on a property that Sanctuary Housing does not already own.
- 3.3.5 If a tenant is offered an alternative property that Sanctuary Housing deems to be reasonable and declines this offer, their application will be cancelled and their allocated funding from Homes England in relation to the VRTB pilot scheme will be withdrawn. The tenant may be able to make a new application at a later date; however, this will be dependent on securing new funding from Homes England.
- 3.3.6 If an alternative property has not been identified or a related mortgage approval has not been secured within three months of the tenant's decision to port their discount, their application will be cancelled as their allocated funding from Homes England in relation to the VRTB pilot scheme must be withdrawn.
- 3.3.7 Where a Sanctuary Housing property is currently being built, the date of completion of the property must be within that three-month period.
- 3.4 Properties that are empty or due to become empty
- 3.4.1 Where a tenant has been offered a property that is empty or due to become empty, Sanctuary Housing will require the tenant to move into that property as soon as possible.
- 3.4.2 In this event, the tenant will be asked to enter into a tenancy agreement to cover the time until the purchase of the property is complete. The new tenancy agreement will be on the same terms as tenant's previous tenancy agreement.
- 3.4.3 The tenant's current property would be re-let, so in the event that they do not purchase the alternative, they would be unable to return to their current home.
- 3.5 Discount
- 3.5.1 Where a tenant is purchasing an agreed alternative property, the discount available will be based on the value of that alternative property rather than the property that they currently live in.

4. Calculation of property discount

- 4.1 If, after consideration of the required criteria, a tenant is eligible for the VRTB pilot scheme, their discount will be calculated by applying their awarded percentage to the market value of the home they are buying. There is a cap of £80,900 on the total discount available, therefore if the awarded percentage of the market value of the property home exceeds this, the discount will be limited to £80,900.
- 4.2 In order to establish a tenants' awarded percentage, the length of their tenancy in complete years must be calculated.
- 4.3 If the tenant's home has been confirmed as eligible and will be sold to them freehold (this usually applies to houses), they will be awarded a 35 per cent discount for the first five years, and a further one per cent for each additional complete year of their tenancy, up to a maximum of 70 per cent.

- 4.4 If the tenant's home has been confirmed as eligible and will be sold to them on a lease (this usually applies to flats), they will be awarded a 50 per cent discount for the first five years, and a further two per cent for each additional complete year of your tenancy, up to a maximum of 70 per cent.
- 4.5 The valuation of the property will be organised by Sanctuary Housing and undertaken by an independent, RICS (Royal Institution of Chartered Surveyors) qualified surveyor.
- 4.6 If the tenant has previously received funding under Right to Buy, Preserved Right to Buy or Right to Acquire, their discount will be reduced by that amount.
- 4.7 Examples of how a discount would be calculated:

Mrs W lives in a three-bedroom house, has a total of 20 years qualifying period and her house has been valued at £230,000.

Mrs W receives 35 per cent for the first five years of her qualifying period and 15 per cent for the remaining 15 years, therefore her total awarded percentage would be 50 per cent. Fifty per cent of her house's value is £115,000. However, the financial cap would take effect, restricting her discount to £80,900.

She would therefore pay £149,100 for her home.

Mr J lives in a one bedroom flat, he has a total of 10 years qualifying period and his flat is worth £70,000.

Mr J receives 50 per cent for the first five years of his qualifying period and 10 per cent (five years x two per cent per year) for the remaining five years, therefore his total awarded percentage would be 60 per cent. Sixty per cent of his flat's value is £42,000.

He would therefore pay £28,000 for his home.

5. Appeals process

5.1 A tenant can appeal if they:

- are advised that their property is not eligible under VRTB policy and wish to challenge this decision;
- disagree with the offer price of the property; or
- wish to appeal against the alternative property that they have been offered.

5.2 An appeal must be submitted in writing, along with any supporting information, within 10 working days of the decision or offer being communicated to the tenant:

Email: VRTB@sanctuary-housing.co.uk

Post: Legal Services
Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

- 5.3 The appeal will be referred to the Operations Director - Housing Services for consideration. They will write to the tenant with their findings and provide Sanctuary Housing's final decision.

6. Complaints process

- 6.1 If a tenant wishes to complain about Sanctuary Housing's handling of their VRTB enquiry, refer to the [Complaints - Housing and Support Policy and Procedure](#).

Note: a complaint regarding VRTB can only consider alleged service failures/ conduct issues by Sanctuary Housing. It cannot consider the factors noted at section 5.1, as the decision regarding appeals by the Operations Director - Housing Services is final.