

Newington
Housing Association
(1975) Ltd.



A Tenant's Guide to House Purchase

Buying Your Home

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Buying your own home

This booklet gives you a guide to Newington Housing Association's House Sales Policy. Further information can be obtained from our offices.

Who can buy?

NHA tenants wishing to purchase their homes must have a minimum of five year's tenancy, either with the Newington Housing or a qualifying landlord. If the five year qualifying tenancy is not with NHA, you will need to provide proof of this tenancy before your application is processed. A list of qualifying landlords is supplied in Appendix 1 of this booklet.

If you do not have five year's qualifying tenancy, you may still be eligible to purchase if you succeeded to or were assigned your current tenancy from a spouse or from a parent.

Introductory tenants are not eligible to purchase until they have completed one year's tenancy. When this year has been completed, it will count towards both eligibility and discount.

Tenants of flats and maisonettes have similar rights to those living in houses.

However, while most houses are sold by conveyance, flats are sold by way of a lease for up to 125 years. The term is determined by the date the first flat in the block was sold. An annual service charge is payable in addition to the normal purchase price.

The service charge will be estimated to cover the costs incurred by Newington Housing Association each year in connection with improvements, repairs, maintenance and administration costs for the premises within which the flat is located. The service charge will be reviewed annually.

In addition, an annual Rent of £10.00 is also payable by purchasers of flats.

Exceptions to Entitlement to Buy

Most Housing Executive dwellings may be sold with the exception of:-

- (1) sheltered dwelling units; and
- (2) any single storey or ground floor dwelling (other than a flat) with no more than two bedrooms to which certain conditions apply.

For more information, see Appendix 2 at the back of this booklet.

Ground Floor Flats can be purchased by secure tenants (subject to the eligibility requirement).

Squatters

Squatters are not eligible to purchase. In the special circumstances where squatters are subsequently granted the legal tenancy, they receive discount entitlement from the date on which the tenancy was granted.

However, they get credit for prior periods spent as a legal tenant in most other public sector accommodation.

Rent Arrears

Applications to purchase made by tenants who are in rent arrears will not be rejected on those grounds, but will be allowed to proceed to completion stage. However, no sale will be completed until all arrears, whether for rent or any other payment due, have been cleared.

Anti-social behavior

Under the Statutory House Sales Scheme, you will be ineligible to buy if, due to anti-social behavior, Newington Housing Association is actively considering taking legal action for possession of your dwelling.

Joint Purchase

A maximum of 4 purchasers including the secure tenant(s) is permitted. A person wishing to become a joint purchaser must be either:-

- (1) the spouse of the secure tenant or
- (2) someone who has been resident with the secure tenant for 12 months prior to the date of an application to purchase.

In the case of (2), two items of proof are required – one for twelve months prior to the Application and one to confirm current occupancy. The following are the list of proofs:-

Benefit Notifications

Wages/Salary Slips (which indicate the address of the employee)

Bank/Building Society Statements

Utility Bills

National Insurance Numbers **must** be provided for **all** joint purchasers.

Incomplete applications will be returned to the applicant.

The secure tenant's interest or share in the property must be at least 25%.

Joint Tenants

Where there is a joint tenancy, the existing tenants can buy provided one of them occupies the dwelling as their only or principal home. All parties named in the tenancy agreement must join in the sale or provide written confirmation that they have no objection to the sale proceeding in the name of the other joint tenant.

Your Responsibilities

House purchase will of course mean that you will be taking on additional responsibilities. You will be responsible for the payment of building insurance, Rates, and for carrying out all your own repairs and maintaining the property.

Before you buy

You should also ensure any outstanding repairs which are the responsibility of the Newington Housing Association are carried out before you purchase, as after the sale is completed, they are no longer the Association's responsibility.

It is recommended that you should arrange to have a structural survey carried out by an independent surveyor to satisfy yourself about the structural condition of the property. This would be at your own expense. Newington Housing will advise you of any structural defects of which it is aware and these will be taken into account in the valuation. Newington Housing Association does not however give any guarantees about the structural condition. If you arrange a mortgage to buy your home, the Company providing the mortgage will probably insist that you have a valuation survey carried out to satisfy themselves about the market value of the property. This is not the same as a structural survey.

If you are getting a mortgage, the Building Society or Bank will insist on you having the structure of the house insured. If you are buying without a mortgage it is still important to have the building insured. It is also advisable as a tenant or owner-occupier to insure the contents of your home.

Pressure Sales Techniques

Some social housing tenants have complained that, from time to time, sales staff from private companies have attempted to pressurise them into buying their home and buying other financial services which they do not need or cannot afford. If you feel that this has occurred, please contact Newington Housing immediately.

No such organisation is operating with any authority from Newington Housing Association.

After you buy

The amount of your mortgage payment may also vary in line with the rates of interest charged, so you will have to budget for possible increases in your payments (as well as allowing for expenses on repairs and maintenance).

If, for example, you become unemployed you may not receive any assistance with your mortgage costs.

Some companies have insurance schemes to cover mortgage payments if you become unemployed and you should enquire about this at the time you are arranging the mortgage. If you do have difficulties with your mortgage repayments, it is important to seek help and advice immediately from the company from which you obtained the mortgage. You may face action for repossession of the property if you fall into arrears. If you seek help immediately there may be assistance available, depending on your circumstances.

If it is possible that your home is going to be repossessed you should also contact the Housing Executive about rehousing.

Advantages

Against this, however, home ownership does offer many advantages:

Property is an asset which may increase in value.

Security - for your family for the future.

No more rent payments - in times of rising rents it is very often cost-effective to take out a mortgage.

The Price

The price of a house sold to a sitting tenant will be its current market value as determined by an independent professional valuer, less, where appropriate, a discount entitlement.

Each house is valued taking into account its type, its position in the area and its general condition at the date of valuation. Tenants' improvements will not be included in the valuation. Improvements carried out by the Newington Housing Association will be included in the valuation.

You may discuss the assessed price with an Estate Agent, this would be at your own expense, and if you are unhappy with the Valuer's assessment of market value, you may apply to have the price re-determined (i.e. revalued) by the District Valuer. It should be noted that on redetermination the valuation placed on a property can go up as well as down. The District Valuer's final assessment is binding on both Newington Housing Association and yourself. There is no further Right of Appeal. **Tenants who withdraw their application to buy will be recharged any valuation fees incurred to date.**

Historic Cost Proviso

In certain cases the Housing Executive cannot sell for less than it actually cost to provide the dwelling (historic cost), unless market value is less than historic cost. The historic cost will apply to any dwelling in respect of which costs (excluding repair costs) have been incurred by Newington Housing Association in the financial year in which the application is made and in the ten previous financial years. This could include older houses which have been purchased by the Housing Association.

If Historic Costs applies this means that:

- if the market value is less than the historic cost, the selling price is the market value. For example, in a case where the market value is £18,000 and where the cost of works in the last 8 years is £20,000, the selling price will be £18,000 irrespective of your tenancy periods.
- if the market value is greater than the historic cost, discount can be given but the final price cannot be less than the historic cost. An example of this would be a case where the market value is £18,000 and where the cost of works in the last 8 years is, £16,000. In this case the selling price cannot be reduced below £16,000 irrespective of your tenancy periods. You can contact our offices and staff will be able to advise you on this point.

Discount Ceiling

There is a Discount Ceiling of £24,000 on all dwellings sold under the Statutory House Sales Scheme.

Discount Entitlement

Houses, Flats and Maisonettes

To be able to purchase, a Housing Executive tenant must have five years tenancy in the public sector, registered Housing Association or other qualifying accommodation (see also under 'Who can buy?' – page 2). A secure tenant of a house with five years completed tenancy shall be allowed discount of 20% with an increase of 2% for each additional completed years tenancy up to a maximum of 60%, subject to the Historic Cost proviso and the Discount Ceiling of £24,000.

In the case of joint tenants, discount is based on the tenant who has spent the longer period as a local authority tenant.

In the case of a wife taking over a tenancy following the husband's death, the husband's tenancy period will count in the assessment of discount, if they were both occupying the dwelling as their principal home at the time of this death.

Note: All secure tenants who receive discount from the Housing Executive must repay all of that discount if they resell their property within five years of the date of purchase.

Legal advice

House purchase is a legal transaction and it is recommended that you employ a solicitor at your own expense.

A step-by-step guide

On receipt of your completed Application and confirmation of your eligibility to purchase Newington Housing Association will arrange for the property to be valued.

You will be advised of the price which will be the market value less any discount to which you are entitled on your present tenancy and on the evidence of a previous qualifying tenancy (subject to the Historic Cost Proviso and Discount Ceiling, see page 6).

You will have 6 weeks to respond to an Offer to purchase from Newington Housing Association, but a request for a redetermination (i.e. a revaluation) of the market value placed on your property must be made within the first 4 weeks of this period. You will also have to consider how to obtain your mortgage.

If you accept, the Association's solicitors will draw up a contract for sale of the property. The contract will be signed by you and the Association and will constitute a binding legal contract. You will not be legally committed to the purchase of the property until this stage has been reached.

In addition, the Housing Executive will be happy to advise you how the process operates.

Timescale

Newington Housing Association will try and make an offer within 12 weeks showing the value of your house with the discount calculated from when we receive your fully completed application form. In some cases, e.g. where we must obtain the historic cost and/or service charge details, it may take longer to make you an offer.

The tenant has 6 weeks to accept (in writing) offer.

Newington Housing will issue contract within 8 weeks of the tenant's acceptance of offer.

The tenant then has a further 8 weeks to accept and return contract. You should not commit yourself to a mortgage, life assurance etc without knowing the offer price.

Mortgages

If you require loan finance you can normally obtain it from a Building Society, Bank or other recognised lending institution. The firm which values your house is not permitted to sell you mortgages, policies or other financial services.

In comparing mortgage repayments with your present rent, remember that as an owner you will be liable for rates which you presently pay with your rent.

A lending institution may be able to include in your mortgage a sum to cover the costs of survey fees. You should enquire about this when contacting your lending institution.

One point to bear in mind is that you do not need to enter into any financial commitments before you sign the contract to buy your home.

Note:-Remember, simply making an application to purchase does not commit you to buying your home.

Please note that you will have a liability to pay rent until the purchase money is paid over to Newington Housing Association.

APPENDIX ONE

Tenancies to be recognised for qualification and discount purposes

1. a. The Northern Ireland Housing Executive.
- b. A district council within the meaning of the Local Government Act (NI) 1972.
- c. A registered housing association within the meaning of Chapter II of Part II of the Housing (NI) Order 1983.
2. One of the following bodies in England and Wales:
 - A district council.
 - A county council.
 - A London borough council.
 - The common council of the City of London.
 - The Council of the Isles of Scilly.
 - Any of the following bodies set up as a result of the abolition of the Greater London Council and the metropolitan county councils:
 - A metropolitan county police authority.
The Northumbria Police Authority.
 - A metropolitan county fire and civil defence authority.
The London Fire and Civil Defence Authority.
 - A metropolitan county passenger transport authority.
The London Waste Regulation Authority.
 - The West London, North London, East London and Western Riverside Waste Disposal Authorities.
 - The Merseyside and Greater Manchester Waste Disposal Authorities.
 - The London Residuary Body.
 - A metropolitan county residuary body.
 - A new town or urban development corporation.
The Commission for the New Towns.
The Development Board for Rural Wales.
 - A housing action trust.
 - A housing association if it is registered with the Housing Corporation or Housing for Wales and if it is not:
 - a charity;
 - an association which has not received public subsidy;
 - a co-operative association.
The Housing Corporation.
Housing for Wales.
3. Corresponding authorities and bodies in Scotland are:
 - a. A regional islands or district council.
 - b. A joint board or joint committee of such a council.
 - c. The common good of such a council or a trust under its control.

- d. A development corporation (including an urban development corporation).
 - e. Scottish Homes.
 - f. A housing association which falls within paragraph (a) of section 6 (2) of the Housing (Scotland) Act 1987.
4. Additional tenancies to be recognised for qualification and discount purposes.

Note:

Regular Armed Forces of the Crown Accommodation.

An Education and Library Board established under the Education and Libraries (NI) Order 1986.

The Fire Authority for Northern Ireland established under the Fire Services (NI) Order 1984.

The Northern Ireland Electricity Service established under the Electricity Supply (NI) Order 1972.

The Northern Ireland Transport Holding Company established under the Transport Act (NI) 1967.

The Police Service of Northern Ireland.

The Sports Council for Northern Ireland.

An area board established by Section 1(2) of the Electricity Act 1947.

A community council.

A fire authority for the purposes of the Fire Services Acts 1947 to 1959.

A government department (including National Health Service Properties).

An internal drainage board within the meaning of Section 6 of the Land Drainage Act 1976.

A Minister of the Crown.

A parish council and the trustees of a parish without a parish council.

A passenger transport executive established under Part II of the Transport Act 1968.

A water authority established in accordance with Section 2 of the Water Act 1973, and a water authority in (Scotland) Act 1980.

The Agricultural and Food Research Council.

The AFRC Institute for Grassland and Animal Production.

The British Airports Authority.

13

The British Broadcasting Corporation.

The British Coal Corporation.

The British Gas Corporation.

The British Railways Board.

The British Steel Corporation.

The British Waterways Board.

The Central Electricity Generation Board.

The Church Commissioners.

The Civil Aviation Authority.

The Commissioners of Northern Lighthouses.

The Countryside Commission for Scotland.

The Electricity Council.

The Highlands and Islands Development Board.
The Historic Buildings and Monuments Commission for England.
The Lake District Special Planning Board.
The Lee Valley Regional Park Authority.
London Regional Transport.
Inner London Education Authority.
The Medical Research Council.
The National Bus Company.
The National Library of Wales.
The National Museum of Wales.
The Natural Environment Research Council.
The Nature Conservancy Council.
The North of Scotland Hydro-Electric Board.
The Peak Park Joint Planning Board.
Police Authorities.
The Post Office.
The Prison Service.
The Science and Engineer Research Council.
The Secretary of State, where the dwelling house was at the material time used for the purposes of Her Majesty's Coastguard.
The Secretary of State, where the dwelling house was at the material time used for the purposes of any function transferred to him under Section 1(2) of the Defence (Transfer of Functions) Act 1964 or any function relating to defence conferred on him by or under any subsequent enactment, or such other person as the Secretary of State may by order prescribe.
The South of Scotland Electricity Board.
The Sports Council.
The Scottish Sports Council.
The Sports Council for Wales.
The Trinity House.
The United Kingdom Atomic Energy Authority.
The Welsh Development Agency.
Community Councils in Wales.
Tenancy periods with former Public Sector bodies which have now been privatised will be eligible for discount only in respect of the period up until date of privatisation.
5. The landlord condition is not satisfied if the interest of the landlord belonged to the Trinity House, where the dwelling house was held otherwise than in connection with its functions as a general lighthouse authority within the meaning of section 634 of the Merchant Shipping Act 1894.

APPENDIX TWO

Statutory House Sales Scheme

Para. 3.0 Exceptions to Entitlement to Buy

Para. 3.1 Under the Scheme any dwelling may be sold with the exception of :

1. sheltered dwelling units; and
2. any single storey or ground floor dwelling (other than a flat) with no more than two bedrooms to which either of the following conditions applies:
 - (a) the relevant tenancy began on or after 1st September 2002
 - (b) the relevant tenancy began prior to 1st November 2000 and both of the following sub-conditions apply:
 - (i) a person of at least 60 years of age was the tenant and/or a member of the tenant's household when the relevant tenancy began.
 - (ii) the relevant tenancy did not begin because of a compulsory transfer from another Housing Executive dwelling in respect of which the tenant had the right to buy.

Para. 3.2 In the present context "the relevant tenancy" means:

- (i) (if the current tenant is not the successor to another tenant), the current tenancy, or
- (ii) (if the current tenant is the successor to another tenant), the tenancy of the current tenant's earliest predecessor in title.

For further information, contact our offices.

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