



# Lancaster City Council

## Housing and Property: Council Housing

### Right To Buy Policy

June 2025

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Effective from	June 2025
Approved by	JW
Review date	June 2027
Revision number:	1.0

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## 1. Introduction

- 1.1. As the landlord of secure tenants, we have a legal duty to administer the Right to Buy (RTB) scheme for eligible tenants who wish to purchase their homes.
- 1.2. This policy sets out our approach to managing RTB applications in a way that is fair, efficient, and compliant with relevant legislation and guidance.
- 1.3. We are committed to:
  - Following all legal requirements relating to the RTB scheme.
  - Processing applications promptly and effectively.
  - Providing tenants with clear, accessible information about the process.
  - Responding to tenant enquiries and frequently asked questions in a consistent and professional manner.
  - Supporting staff with up-to-date guidance and best practice.

## 2. Aims and Objectives

- 2.1. The aim of this policy is to ensure that all Right to Buy (RTB) applications are handled accurately, fairly, and in line with statutory requirements.
- 2.2. The objectives of the policy are to:
  - Ensure all RTB applications are processed within the legal timescales.
  - Provide a consistent, transparent, and high-quality service to eligible tenants.
  - Ensure staff involved in administering the RTB process are well-informed, confident, and equipped with up-to-date guidance.
  - Support tenants by offering clear advice on their rights, responsibilities, and the key stages of the Right to Buy process.
  - Promote best practice and continuous improvement in the delivery of the RTB service.

## 3. Scope

- 3.1. This policy applies to all secure tenants of Lancaster City Council who are eligible to apply to purchase their home under the statutory Right to Buy (RTB) scheme.
- 3.2. It sets out the Council's approach to managing RTB applications in line with legal requirements and best practice and provides a framework for staff involved in delivering this service.
- 3.3. This policy does not cover other home ownership schemes or leaseholder matters, which are dealt with under separate policies.

## 4. Legal Framework

- 4.1. The Right to Buy scheme is governed primarily by:
  - 4.2. **Housing Act 1980** – introduced the statutory Right to Buy.
  - 4.3. **Housing Act 1985 (Part V)** – consolidates and details the RTB process, eligibility, valuation, discount calculations, and procedural requirements.

- 4.4. **The Housing (Right to Buy) (Limits on Discount) (England) Order 2024 (SI 2024/1073)** – establishes regional caps on discounts and updates cost floor periods.
- 4.5. **Leasehold Reform (Ground Rent) Act 2022** – applies to leasehold RTB sales, setting ground rent to a nominal peppercorn.
- 4.6. Supplementary guidance is issued by the Ministry for Housing Communities and Local Government (MHCLG) and shall inform local implementation and administration.

## 5. RTB Application Process

- 5.1. The Council is committed to ensuring that the statutory Right to Buy process is administered efficiently, transparently, and in full compliance with legislative requirements. This section sets out the procedural stages that govern the administration of Right to Buy applications from secure tenants

### Application Submission

- 5.2. Eligible tenants must submit a completed RTB1 (Notice Claiming the Right to Buy) form to the Housing Services team.
- 5.3. All proposed purchasers, including joint tenants, must be named on the form and provide appropriate identification and evidence of qualifying tenancy history. Incomplete or unsigned applications will not be processed.

### Eligibility Determination

- 5.4. Upon receipt of a valid RTB1 form, the Council will assess the applicant's eligibility under Part V of the Housing Act 1985. The Council is required to issue a formal decision via the RTB2 Notice within:
  - 4 weeks of receipt of the application; or
  - 8 weeks if additional tenancy history checks are required (e.g. tenancies with other landlords).
- 5.5. The RTB2 Notice will confirm either:
  - That the applicant qualifies for the Right to Buy; or
  - That the Right to Buy is denied, including the reasons for refusal.

### Valuation and Offer

- 5.6. If the tenant is eligible, the Council instructs a qualified valuer to determine the current open market value of the property.
- 5.7. Within 8 weeks (houses) or 12 weeks (flats/leasehold), the Council will serve a Section 125 Notice, which includes:
  - The property valuation and proposed sale price;
  - The amount of statutory discount;
  - Any structural defects;
  - For leasehold sales: estimated service charges for the first 5 years.

### Tenant Decision Period

- 5.8. The tenant has 12 weeks from the date of the Section 125 Notice to accept or decline the offer.
- 5.9. They may request a review of the valuation by the District Valuer. This request must be made within the 12-week window.
- 5.10. If the tenant does not respond, a first reminder will be issued, followed by a final reminder after 4 weeks.
- 5.11. If no decision is received within 28 days of the final reminder, the Council may treat the application as withdrawn.

### Conveyancing and Completion

- 5.12. If the offer is accepted, legal teams proceed with conveyancing and issue contracts for exchange.
- 5.13. A completion date is agreed and confirmed. On completion, the title is transferred to the purchaser and the Council registers the sale with HM Land Registry.

## 6. How the Sale Price is Calculated

- 6.1. Statutorily, the purchase price payable by the tenant is determined under s.126 of the Housing Act 1985 as market value minus the discount. In practice, this means:
  - 6.2. The **market value** of the property is assessed as at the date the tenant's valid Right to Buy application is received.
  - 6.3. The Council will determine the open market value, but if the tenant disagrees with this valuation, they may request an independent assessment by the District Valuer, whose decision is final and binding.
  - 6.4. **Discount:** Once eligible, the tenant's discount is calculated as a percentage of the market value (see next section). In essence, "the amount you need to borrow depends on; the full market value of your home less any discount you may be entitled to".
  - 6.5. **Cost floor:** Legislation also imposes a cost floor (HA 1985 Sch.6, para.16). This ensures the sale price cannot fall below the landlord's investment in the property. Meaning, the landlord totals all expenditure on the dwelling (acquisition, construction, repairs/maintenance) over the prescribed period (now 30 years).
  - 6.6. If this sum exceeds the normal sale price, the discount is reduced so that the sale price equals the cost floor. If the cost floor exceeds even the market value, the discount is reduced to zero.

- 6.7. Put together, the formula is: **Sale Price = Market Value – Discount** (subject to not falling below the cost floor)
- 6.8. After a valid RTB1 application, the market value is locked at that date – improvements undertaken after application do not increase the sale price (the valuation is based on the property’s condition at application)

## 7. Discounts Available

- 7.1. The statutory discount is based on tenancy length and property type, subject to an overall cap. As of late 2024, the rules are:
- 7.2. **By tenure/tenancy length:** A tenant earns a percentage discount of the property’s value. For houses: the discount is 35% after 3 years’ qualifying tenancy, and remains 35% until 5 years; beyond 5 years it increases by 1% for each additional year, up to a maximum of 70%gov.uk. For flats or maisonettes: the discount is 50% after 3 years (and remains at 50% until 5 years); beyond 5 years it increases by 2% per year, up to a maximum of 70%gov.uk. (These caps – 70% of value – are set by statute.)
- 7.3. **Discount caps by region:** Separate from the percentage, there is a monetary cap on the discount. The 2024 Order fixed maximum cash discounts at pre-2012 regional levels. For RTB applications made on or after 21 November 2024, the maximum discounts in the North West of England are £26,000
- 7.4. These figures mean, for example, that a qualified tenant in the Lancaster and Morecambe district can receive only £26,000 off the value – even though a 70% percentage discount might exceed that.

## 8. Eligibility

- 8.1. To purchase their home a tenant must fulfil certain conditions set out in the relevant legislation and Lancaster City Council will apply these strictly.
- 8.2. These include that the tenant must:
  - Be using the property as their only or principal home.
  - Not be subject to possession proceedings under grounds 1 or 2 of Schedule 2 of the Housing Act 1985.
  - Not be subject to any possession orders including suspended possession orders SPOs for ASB.
  - Not be subject to any court orders suspending the right to buy due to ASB.
  - Not be subject to bankruptcy proceedings.
  - Not hold the tenancy in connection with employment.
  - Have spent the qualifying period in qualifying accommodation.

## 9. Exclusions

- 9.1. Certain tenants and dwellings are expressly excluded from RTB, either because their tenancy is not “secure” or by special provision:
- 9.2. **Tenancy-type exclusions:** A tenancy is not eligible if it is not a secure tenancy. This includes *fixed-term tenancies* of more than 21 years, *introductory (probationary) tenancies*, *demoted tenancies* (under HA 1996 s.143A), and tenancies tied to employment where the accommodation is needed to perform duties. For example, police officers or fire personnel living in service cottages for work, or certain hostels, do not qualify. If a previous tenant (within the last 3 years) was of such excluded type, the new tenancy is also excluded.
- 9.3. **Temporary or transient accommodations:** Social lettings used only for temporary purposes are excluded. This covers hostels or housing provided under Part VII HA 1996 – notably, tenancies to asylum seekers or people under temporary protection, displaced persons, or other emergency accommodation – as well as decant or interim housing (for example, while works are done on a permanent home). Properties leased from private landlords on a short-term basis for such temporary housing are also excluded.
- 9.4. **Special property exclusions:** Dwellings that are not conventional owned homes are excluded. For instance, tied cottages on farms (occupied by farmworkers), premises licensed for alcohol sale, student accommodation tied to education courses, business tenancies (Part II LTA 1954) or alms-houses are outside RTB.
- 9.5. Likewise, if the council itself only holds the property on a short lease, rather than as freeholder (so the tenant cannot acquire the freehold) it is excluded. (Any property that is formally designated under HA 1985 Part 16 as a “defective dwelling” cannot be sold under RTB – in practice the tenant’s application would be withdrawn or blocked.)
- 9.6. **Rural/National Park conditions:** Homes in national parks, Areas of Outstanding Natural Beauty or designated rural areas are not excluded from RTB, but they carry *resale covenants* under s.157 HA 1985. In those areas a purchaser must offer the home for re-sale (after purchase) only to other local persons for a period (typically 10 years). (New-build social homes are not yet excluded by statute, but the government is consulting on possibly exempting newly built council homes for a defined period
- 9.7. **Independent living properties:** The Council provides a range of housing designated for older people, including sheltered accommodation and independent living schemes, to support residents with age-related housing and care needs. The Right to Buy does not automatically apply to these properties. Under Schedule 5, Paragraph 5 of the Housing Act 1985, a property is excluded from the Right to Buy if:
- It is particularly suitable for occupation by elderly persons, having regard to its design, location, or other features;
  - It was let for occupation by a person aged 60 or over, whether the current tenant or a predecessor;
  - It is subject to arrangements for the provision of services substantially different from those available to other tenants (e.g. on-site support, warden service, emergency alarms, or communal facilities).

Therefore, many sheltered and independent living properties may be statutorily exempt from the Right to Buy.

- 9.8. **Adapted properties for people with disabilities:** The Council recognises the importance of protecting its limited stock of housing that has been specifically adapted for people with disabilities. In accordance with Schedule 5, Paragraph 4 of the Housing Act 1985, certain adapted properties may be excluded from the Right to Buy (RTB) scheme where statutory criteria are met. A secure tenant will not have the Right to Buy if:
- The dwelling is particularly suitable for occupation by persons with physical disabilities, due to its design, location or special features; and
  - It was let to the tenant (or a predecessor in title) for occupation by a person with a physical disability

## 10. Repair Responsibilities

- 10.1. Until completion of the RTB sale, the council remains the landlord and retains its repair obligations (e.g. under s.11 Landlord & Tenant Act) to keep the dwelling in repair. However, once the RTB application is made, local authorities generally do not undertake significant upgrades or improvements that would otherwise raise the sale price, because the valuation is fixed at the application date.
- 10.2. Non-essential works may be deferred or cancelled. The tenant continues paying rent (and any service charges) up to completion.
- 10.3. When the council serves the Section 125 offer notice (required once the tenant's right is established), it must disclose any known defects and anticipated charges for major works. By law the notice must include details of known structural defects and estimated service charges/improvement contributions for a reference period (5 years from sale)
- 10.4. These estimates (for items like lifts, roofing, central heating replacement, etc.) cap the tenant's liability during the initial period: under HA 1985 Sch.6 (para.16B) the tenant cannot be charged more than the estimated amounts in the first five years (Any shortfall cannot be demanded from the tenant; after five years the landlord may recover actual costs normally.)
- 10.5. After the sale completes, the tenancy ends and the RTB buyer becomes the owner. Repair responsibility passes to the buyer.
- 10.6. For a house bought freehold, the new owner is solely responsible for all repairs and maintenance.
- 10.7. For flats, the RTB typically converts the tenancy to a long lease (standard modern leases of at least 125 years) – under which the council (as freeholder or managing agent) remains responsible for major works and common parts but can recover costs via service charges.
- 10.8. By statute, the new lease must charge only a nominal ground rent

- 10.9. In practice, the owner pays a share of communal maintenance and major works through the lease. The Section 125 notice will have set out the expected service charge liabilities (including any reserve fund for future works) for the first five years
- 10.10. Beyond that, normal lease terms apply, and the owner must contribute to all communal repairs and capital works as they arise. Any major repair or investment carried out by the council after the sale does not affect the discount (it would have only entered the cost floor if done before application)
- 10.11. In summary, pre-completion the council maintains the property (though non-essential works may be halted after the RTB application)
- 10.12. Post-completion, all repair and maintenance duties (and any future improvement costs) fall to the new owner or, in multi-unit blocks, to owners via service charges, in accordance with the terms explained in the Section 125 offer.

## 11. Resale Conditions and Covenants

- 11.1. Right to Buy purchasers must be aware of statutory resale conditions that apply following the acquisition of their property. Under Section 155 of the Housing Act 1985, if a purchaser sells or transfers the property within five years of the original Right to Buy completion date, they are legally required to repay some or all of the discount they received. The amount to be repaid is calculated on a sliding scale:
- 100% of the discount must be repaid if the property is sold within the first year,
  - 80% in the second year,
  - 60% in the third year,
  - 40% in the fourth year,
  - 20% in the fifth year.
- 11.2. The amount to be repaid is based on the resale value of the property at the time of sale, not the original purchase price, which may result in higher repayment if the property has appreciated in value.
- 11.3. If the property is sold within five years of purchase to someone who is not a qualifying purchaser (i.e., not meeting similar eligibility criteria as required under RTB), the owner must first offer the property back to the former landlord—usually the local authority—under the right of first refusal provisions in the Housing Act 2004.
- 11.4. If the Council decides not to repurchase the property, a Section 156A certificate will be issued to confirm that the Council waives its right of first refusal.

## 12. Fraud Prevention and Verification

- 12.1. The Council is committed to preventing and detecting fraud in all areas of its operations, including the administration of the Right to Buy (RTB) scheme. This commitment aligns with

the Council's statutory duties under the **Fraud Act 2006** and supports national efforts to combat housing fraud.

- 12.2. Fraudulent applications for Right to Buy undermine the integrity of the scheme, reduce the availability of social housing, and can result in significant financial loss to the public sector. As such, robust verification and anti-fraud measures are embedded throughout the RTB process.

### Identity and Eligibility Checks

12.3. All applicants are required to provide valid **proof of identity**, including photo identification and proof of address.

12.4. The Council will verify the identity of all named applicants and joint purchasers.

12.5. Eligibility will be confirmed through a thorough review of the applicant's **tenancy history**, including any previous social housing tenancies held with other landlords.

### Residency Verification

12.6. The Council may request **additional evidence of continuous residence**, particularly where tenancy records are incomplete or unclear.

12.7. Spot checks and visits may be conducted to confirm that the applicant is **genuinely occupying the property as their only or principal home**.

### Data Sharing and Reporting

12.8. The Council reserves the right to share information with external bodies including:

- a. Other local authorities;
- b. Registered providers (housing associations);
- c. The National Anti-Fraud Network (NAFN);
- d. Law enforcement agencies.

12.9. Applications suspected of involving fraud or dishonesty may be referred for **criminal investigation** or civil recovery proceedings.

12.10. The Council may suspend or reject RTB applications where there is credible evidence of:

- a. Subletting or unlawful occupation.
- b. False declarations of income, identity or residence.
- c. Collusion with third parties for financial gain.

### Duty to Report and Cooperate

12.11. All staff involved in the Right to Buy process are required to report suspected fraud in line with the Council's **Corporate Fraud and Whistleblowing Policies**.

12.12. The Council will fully cooperate with criminal investigations and court proceedings where fraudulent activity is identified.

### 13. Review and Monitoring

- 13.1. This policy will be reviewed **every three years** or sooner if there are significant changes in legislation, statutory guidance, or national policy relating to the Right to Buy scheme.
- 13.2. The review will be carried out by the Council's Housing Services team in collaboration with Legal Services and other relevant departments. The review will consider:
- Updates to relevant legislation, including amendments to the **Housing Act 1985, Right to Buy discount caps**, and associated regulations;
  - Case law or national guidance that may impact the interpretation or application of the policy;
  - Feedback from applicants, elected members, and housing staff;
  - Trends or emerging issues in the administration of Right to Buy, including fraud prevention, resale conditions, and enforcement.
- 13.3. Any proposed changes to the policy will be subject to internal consultation and, where necessary, approval by the relevant Portfolio Holder, Cabinet Committee, or Full Council.
- 13.4. The Council reserves the right to conduct interim reviews as required to respond promptly to external developments or local circumstances.

### 14. Equalities Statement

- 14.1. The Council is committed to promoting equality, eliminating discrimination, and ensuring fair and equitable access to services for all residents. This Right to Buy policy has been developed in accordance with the Council's obligations under the **Equality Act 2010**, including the **Public Sector Equality Duty (PSED)**.
- 14.2. In administering the Right to Buy scheme, the Council will:
- a. Ensure that all eligible tenants are treated fairly and consistently, regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.
  - b. Provide appropriate support and reasonable adjustments to ensure that tenants with additional needs are not disadvantaged during the application process;
  - c. Make information and application materials available in accessible formats upon request, including large print, translations, or alternative languages;
  - d. Monitor outcomes and feedback to identify and address any potential barriers or inequalities in service delivery.

- e. The Council will also undertake Equality Impact Assessments (EIAs) as required, particularly where legislative or procedural changes may have a disproportionate impact on protected groups.

