

Right to Buy – Buy Back Scheme

Annex 4

- 1.0 Under Section 156 A of the Housing Act 1985 there is the provision for the Right of First refusal to the Council when a property is sold through Right to Buy. This provision takes effect from the date of the original sale for a period of ten years.
- 1.1 When a property is sold, or proposed to be sold, the seller, usually through their solicitor makes a request to the Council as to whether they wish to exercise the Right of First Refusal. The Council should respond within eight weeks as to whether they wish to exercise the right and repurchase the property, which should be at market value.
- 1.2 If a response is given not to repurchase a rejection notice is served on the Owner. The Council completes the necessary paperwork in order to advise that S156 A has been complied with to enable the Land Registry to register the subsequent transfer to a new purchaser.
- 1.3 If the Council accepts the owner's request to purchase it must be completed within a fixed time scale or the owner is free to dispose of the property on the open market.
- 1.4 Within the re-invigorated Right to Buy scheme the Council still retains the ability to utilise capital receipts from Right to Buy sales. However, the amount of receipt permitted to be used to buy back former Council properties is low. Only 6.5% of the net value (after administration and debt costs) of all Right to Buy receipts can be used to fund up to 50% of the purchase price of the property.
- 1.5 Therefore, there is a need to top up the shortfall in funding by a further £100k from HRA reserves in order to effect suitable purchases.
- 1.6 With the demand for housing within the Thanet area high the application of the Buy Back scheme is intended to assist with the programme of increasing the Council owned housing stock. At a recent East Kent Housing Tenant Forum representation was made for the authority to Buy Back Right to Buy properties.
- 1.7 The Director of Community Services already has delegated authority with regard to the Right to Buy scheme under section DCS449E of the Constitution, which states delegated authority to 'administer the Right to Buy Scheme, agreeing discounts and eligibility subject to the provisions of the 1985 Housing Act and subsequent legislation amending the scheme and it is through this delegation it is intended to pursue the purchase of suitable properties.
- 1.8 It is intended that properties will not only be identified through the Right of First Refusal, but also where owner occupiers call and ask if we have a buy back facility, or where the opportunity presents itself in the current market. e.g through housing associations or private sale.
- 1.9 In order to react quickly to the purchase of other suitable properties for the HRA it is requested that the Director of Community Services delegations are extended to not only the acquisition of Right to Buy properties but any other suitable properties that present themselves for housing provided it is within the current budgetary framework as agreed at Cabinet and Full Council.