

 <p style="text-align: center;">HOUSING MANAGEMENT SECTION</p>		DOCUMENT NO HM - 03		
		Prepared by	MC	
		Board Approval	17/09/08	
		Version No	01 – 08	
Title House Sales Policy		Active From	11/10/04	
		Review Date	16/09/11	
No	Change	Approved by	Date	Effective
1	3.2A deleted from Previous Policy. This would have been section 6.2.2A in this policy.		22/02/06	22/02/06
2	Amended wording to paragraph 5.2 which now becomes 6.5.2		22/02/06	22/02/06
3	Whole document updated to new format. Content the same only section numbers changed.		24/07/06	24/08/05
4	Reviewed in line with Policy Review timetable and to take into consideration current staffing structure	Board	17/09/08	17/09/08

Contents

- 1.0 Scope
- 2.0 Objective
- 3.0 Definitions & Abbreviations
- 4.0 Responsibilities
- 5.0 Related Documents
- 6.0 Method of Operation
- 7.0 Review of Policy

1.0 Scope

This is the scheme for the sale of dwelling houses (“dwellings”) by Registered Housing Associations (“Housing Associations”) prepared under the provisions of Article 3 of the Housing (NI) Order 1983 as inserted by Article 96 of the Housing (NI) Order 1992, and amended by Article 13 of the Housing (Northern Ireland) Order 2003.

2.0 Objective

The object of the scheme is to place a statutory responsibility on Housing Associations to sell their dwellings to secure tenants and succeeds the Voluntary Sales Schemes.

3.0 Definitions & Abbreviations

NIHE	Northern Ireland Housing Executive
VLA	Valuation & Lands Agency
DSD	Department for Social Development

4.0 Responsibilities

Board of Management	Ratification of Policy and Procedure
Chief Executive	Review of policy on a regular basis
Housing Manager	Review of policy on a regular basis Implementation of policy in line with guideline from NIHE and DSD Administration of policy Give advice to tenants on making applications to purchase
Housing Services Assistant	Assist Housing Manager with administration of the policy and maintain accurate and up to date files on each application

5.0 Related Documents

N/A

6.0 Method of Operation

6.1 The right to buy only arises after the tenant has been a secure tenant of the Housing Association for a period of not less than five years or for periods amounting together to not less than five years, but neither the dwelling nor the landlord need have been the same during the whole of that period. For the purposes of the scheme time spent as an introductory tenant will be taken into account. If the secure tenancy is a joint tenancy, the time

qualification condition only has to be satisfied with respect to one of the joint tenants.

6.1.1 The following shall be treated as included in the dwelling:

- (1) Any land used for the purposes of the dwelling, which the Housing Association and secure tenant agree to include.
- (2) Any land let with the dwelling other than land to which both of the following two conditions apply:
 - (a) The land is additional to the minimum amount of land which, in the Housing Association's reasonable opinion, is necessary for the purpose of the reasonable enjoyment of the dwelling as a residence, and
 - (b) The excess land has, in the reasonable opinion of the Housing Association, significant development potential (whether immediately or potentially).

6.1.2 (1) A secure tenant may purchase jointly with up to three other persons. Each of the other persons must satisfy one or both of the following conditions:

- (a) He/she is the spouse of the secure tenant
 - (b) He/she is occupying the dwelling as his/her only or principal home and has been residing with the secure tenant throughout the period of twelve months ending with the date of application to purchase.
- (2) A secure tenant may only acquire a dwelling as a "tenant in common" where his/her interest or share in the dwelling upon completion is at least 25%

6.2 Exception to Entitlement to Buy

6.2.1 Under the Scheme, any dwelling may be sold with the exception of:

- (1) Sheltered dwelling units
- (2) Dwellings which are part of a group housing scheme: and
- (3) Any single storey or ground floor dwelling (other than a flat) with no more than two bedrooms

6.2.2 In the present context the term "group housing" refers to any individual house which is part of a group of houses which have been designed for persons with special needs where either:

- (1) The houses are provided with, or situated near, special facilities for use by their tenants; and or
- (2) The tenants of the houses are provided with housing support services, i.e. services which provide support, assistance, advice or counselling to an individual with particular needs which are necessary for them to live independently in their house.

6.2.2B A secure tenant cannot exercise the right to buy at any time when any of the following circumstances apply to him/her:

- (1) The Housing Association has served a relevant statutory notice seeking possession at any time within the previous three months
- (2) Proceedings for possession of the dwelling pursuant to a relevant statutory notice are pending.
- (3) The tenant is obliged to give up possession of the dwelling in pursuance of an Order of the Court, which has been granted pursuant to a relevant statutory notice or will be so obliged at a date specified in the order.
- (4) The Housing Association is actively considering whether it would be appropriate to serve – at some time within the next three months – a relevant statutory notice seeking possession.

6.2.2C A "relevant statutory notice" means a Notice Seeking Possession on one or both of the following grounds:

- (1) Ground 2 of Part 1 of Schedule 3 of the Housing (Northern Ireland) Order 1983
- (2) The allegation that the secure tenant has been guilty of "nuisance to neighbours" within the meaning of the Housing Association's standard Tenancy Agreement.

6.3 Applications to purchase made by secure tenants who are in rent arrears shall not be rejected on those grounds but shall be allowed to proceed to completion stage. However, no sale shall be complete until all arrears whether for rent or any other payment due from them as a secure tenant have been paid.

6.4 Purchase Price

6.4.1 Subject to the provisions of Section 5.0 below, the purchase price shall be the market value less any available discount.

6.4.2 The market value shall be that assessed by a suitably qualified professional valuer as at the date of the completed application to purchase (i.e. date of receipt of all required information). The valuation will be adjusted to take account of any improvements which were carried out to the property by the tenant.

6.4.3 The secure tenant shall be notified of the purchase price within 12 weeks of making the application to purchase.

6.4.4 The secure tenant shall be advised of any structural defects known to the Housing Association which affect the dwelling or the building in which it is situated.

6.4.5 The purchaser, if not satisfied with the assessment of market value, shall be entitled to request a re-determination of the purchase price. Such re-determination shall be carried out by the District Valuer of the Valuations and Lands Agency or by some other official of the VLA nominated by him/her. Any request for a re-determination must be made in writing within one month of the offer being made.

6.4.6 In the case of the sale of flats/maisonettes the purchaser shall be required to pay an annual rent of £10 and an annual service charge. (The annual service charge shall include the relevant proportion of the estimated cost of repairs, maintenance and improvements programmed to be carried out in that year to the block in which the flat is located). The Housing Association shall, when making a formal offer to the secure tenant of a flat, give details of any works proposed to be carried out in the next 5 years together with estimated costs and service charges for those years.

6.5 Discount

6.5.1 Discount shall be offered to secure tenants in relation to the total number of years, which they have spent as secure tenants in relevant accommodation.

6.5.2 The discount shall not reduce the price below the Historic Cost. The Historic Cost is the amount, which is to be taken as representing so much of the costs incurred in the provision, improvement or acquisition of the dwelling as is to be treated as incurred in the relevant period (the financial year in which the application to purchase is made and in the ten previous financial years). Housing associations must be able to demonstrate, in such a way as is verifiable, the method used to calculate the historic cost. If the price before discount is below the historic cost amount there shall be no discount and the Purchase Price shall be the Market Value Price. Where the aggregate of the costs incurred in respect of improvement works is less than £5,000 throughout

the relevant period, those costs can be disregarded. For the purposes of this paragraph, the Housing Association can estimate the costs incurred, however, any such estimate must be a reasonable and verifiable estimate.

6.5.3 Tenancy periods with former Public Sector bodies which have been privatised shall be eligible for discount only in respect of the period up to the date of privatisation.

6.5.4 Time spent in any accommodation provided for Regular Armed Forces of the Crown shall also count for discount.

6.5.5 Subject to paragraph 5.6 below, secure tenants of a dwelling (house, flat or maisonette) with 5 years completed tenancy shall be allowed discount of 20% with an increase of 2% for each additional completed year's tenancy up to an overall maximum of 60% subject to the Historic Cost proviso contained in paragraph 5.2.

6.5.6 The discount shall not in any event reduce the price of the dwelling by more than £24,000.

6.5.7 Where a spouse succeeds to the tenancy on the death of his/her spouse he or she may take the benefit of the discount rights of the deceased spouse provided that both were occupying the dwelling as their principal home at the time of the death of the deceased spouse.

6.5.8 In cases of joint purchase (i.e. a purchase by a secure tenant along with an eligible co-purchaser) it is only the periods spent by the secure tenant in relevant accommodation that will count in the calculation of discount. Where joint tenants purchase a dwelling jointly discount shall be based on the tenancy period(s) of the secure tenant who has spent the longer period as a secure tenant of relevant accommodation.

6.5.9 Periods during which the secure tenant's spouse was secure tenant or was previously the spouse of another secure tenant shall be taken into account provided both the secure tenant applying to purchase and his spouse occupied the dwelling as their only or principal home at the time of the completed application to purchase.

6.5.10 A spouse of a secure tenant who is separated or divorced may take the benefit of the tenancy periods of the former spouse in the original dwelling when purchasing the dwelling he/she now occupies provided that during those periods they were occupying the original dwelling as their only or principal home.

6.5.11 Discounts will be calculated as at the date of a completed application to purchase.

6.5.12 Where a secure tenant of a dwelling dies or otherwise ceases to be a secure tenant ("the former tenant"), and subsequently, a child of the former tenant who occupies the dwelling as his/her only or principal home succeeds

to the tenancy of the dwelling (“the new tenant”), and the new tenant applies to purchase, discount shall be granted to the new tenant based on the number of years during which the new tenant resided in the dwelling after his/her 16th birthday (whether under the same tenancy or under another secure tenancy). A break in that residence qualification is permitted where that break has been for two years or less, and in such cases full discount rights back to the 16th birthday shall be allowed. If the break is for more than two years, discount rights shall only be allowed from the date of the new tenant’s return to the dwelling after the break.

6.5.13 Where an application to purchase has been lodged by a secure tenant and where a child of that secure tenant succeeds to the tenancy of the dwelling before the completion of the purchase by the secure tenant, the child shall be entitled to receive the full discount rights of the parent if that child wishes to continue with the purchase of the dwelling.

6.5.14 A son-in-law or daughter-in-law who occupies the dwelling and succeeds to the tenancy shall be treated as a “natural” son or daughter.

6.5.15 A child will not be treated as a successor for discount purposes unless one of the following sets of circumstances apply to him/her:

- (1) The child is the immediate successor of one or both of his/her parents, or
- (2) The child is not the immediate successor of one or both of his/her parents, but a brother/sister of the child is the only intermediate successor.

6.5.16 Where a person, or one of the persons, applying to purchase a dwelling was a previous purchaser, all previous tenancy periods shall be taken into account in assessing discount allowable. However, the discount entitlement on a second or subsequent purchase shall be reduced by the cash value of any discount allowed previously less the amount repaid to the Housing Association on previous disposals (if any). Where a previous discount was given to two or more persons jointly, this paragraph has effect as if each of them had been given an equal proportion of the discount.

6.6 Circumstances in Which Discounts are Repayable

6.6.1 The legal documentation shall contain a covenant binding on the secure tenant and his/her successors in title to repay to the Housing Association the full discount received if within a period of 5 years there is a disposal falling within paragraph 6.2, but if there is more than one such disposal, then only on the first of them.

6.6.2 A disposal is:

- (1) A further conveyance of the fee simple or an assignment of the lease or;

- (2) The grant of a lease or sub-lease for a term of more than 21 years otherwise than at rack rent, whether the disposal is of the whole or part of the dwelling.

But the following categories of disposal do not attract repayment of discount:

- (a) Disposal between joint purchasers or spouses;
- (b) Disposals between members of the same family who have lived together throughout the six-month period ending with the disposal;
- (c) Disposals where the dwelling has been compulsorily purchased or where compulsory powers would have been used if the dwelling had not been acquired voluntarily;
- (d) Disposals not involving the residential part of a dwelling;
- (e) Disposals in pursuance of an order under Article 26 of the Matrimonial Causes (Northern Ireland) Order 1978;
- (f) Disposals under Article 4 of the Inheritance (Provision for Family and Dependents) (Northern Ireland) Order 1979;
- (g) Disposals vesting in a person taking under a will or intestacy.

6.7 Conveyance of Fee Simple and Grant of Lease

- 6.7.1** (1) The Housing Association may include in a conveyance or lease such conditions as the Department for Social Development may approve.
- (2) The Housing Association shall include in a conveyance or lease any conditions or covenants, which the Department for Social Development may specify.
- (3) The Housing Association shall include in a contract and in a conveyance or lease a clause whereby the purchaser must agree that if he/she wishes to dispose of the dwelling within 10 years from the date of purchase the

Housing Association or any other registered Housing Association will be given the option to re-purchase.

6.7.2 Without prejudice to the generality of paragraph 6.7.1, the conditions and covenants:

- (1) Shall have the effect of ensuring that the tenant has as full enjoyment and use of the dwelling as owner as he/she has had as tenant;
- (2) Shall secure to the tenant such additional rights as are necessary for his/her reasonable enjoyment and use of the dwelling as owner (including, without prejudice to the foregoing generality, common rights in any part of the building of which the dwelling forms part) and shall impose on the tenant any necessary duties relative to rights so secured;
- (3) Shall include such terms as are necessary to entitle the tenant to receive a good and marketable title to the dwelling;
- (4) Shall, where a new charge for the provision of a service in relation to the dwelling is imposed or where an existing charge for such provision is increased, provide for the charge to be in reasonable proportion to the cost to the Housing Association of providing the service.

7.0 Policy Review

The House Sales Policy shall be reviewed once every three years or following changes in legislation and guidance.