

Assisted Purchase Scheme Policy

1. Introduction

Section 129 of the Housing Act 1988 grants powers to local authorities to assist existing tenants to purchase a home on the open market. Tandridge District Council currently uses these powers to operate an Assisted Purchase Scheme.

The Scheme operates by paying a grant to a tenant to assist them to buy a property in the private sector.

It is up to each local authority to decide whether to operate such a scheme and unlike the Right to Buy provisions, tenants have no mandatory right to a grant. Local authorities may also set the amount of grant payable to take account of the local housing market.

Local authorities are also able to target the scheme to free up accommodation in areas of their district where there is a shortage of social housing; or to release types of property for which there is a high demand, e.g. family sized accommodation.

Under the Regulatory Reform Order 2002, there is no requirement for local authorities to seek consent from the Secretary of State to operate such a scheme. The Council reports to Central Government on overall scheme completions and the total amount of grant paid as part of the annual Local Authority Housing Statistics Data Return. (LAHS)

Currently there is no central government funding for such schemes, so local authorities must fund schemes from their own capital resources.

2. Strategic Aims

There is a need to make more effective use of our stock in order to meet known demand, and in particular to avoid long-term reliance on Bed & Breakfast and other unsuitable temporary accommodation for homeless families

The scheme is designed to assist TDC to meet housing needs by giving existing council tenants a financial incentive to vacate their property and purchase a home on the open market. The scheme also assists tenants to acquire a joint interest in a property with a partner or relative.

3. Objectives

The objectives of the scheme are to:

- release council accommodation for letting to those in housing need; and
- to encourage owner occupation where it is sustainable.

4. Target

To achieve a minimum of 3 purchases through the Scheme during 2022/23 with future targets being reviewed in the light of take-up and budgetary provision

5. Eligibility

Applicants must be secure tenants of the Council and have held a tenancy for at least five years in order to qualify. (This includes any introductory tenancy period.)

The tenant must have a clear rent account and not owe any other money to the Council. They must also prove that they are in receipt of a valid mortgage offer or prove that they will be taking a legal interest in a property.

6. Grant Levels

The grant amount available varies according to the size of the property to be vacated. At April 2022 the grant amounts payable to applicants purchasing a property on the open market are as follows:

- £22,500 for a two-bedroom property
- £27,000 for a three-bedroom property
- £30,000 for a four-bedroom property

The grant available to those purchasing a share in a property with a partner or relative is 25% lower than the above.

- £16,875 for a two-bedroom property
- £20,250 for a three-bedroom property
- £22,500 for a four-bedroom property

Tenants in one-bedroom, bedsit or sheltered accommodation are not eligible for the scheme.

Applicants can buy a residential property that is suitable for their needs anywhere within the United Kingdom. The property must be freehold or leasehold with at least 21 years remaining on the lease. Temporary structures such as mobile homes or caravans are not eligible.

Properties with up to three bedrooms cannot exceed the average house price for the South East of England according to HM Land Registry (September 2021) of £358,000. For properties with more than three bedrooms, the limit is £393,800. These limits are reviewed annually.

Funds for the scheme are limited and are currently £75,000 per year. Therefore, the Council reserves the right to refuse or prioritise applications based on property type and size as well as length of tenancy.

The Council inspects the condition of the applicant's property at the beginning of the process and once the keys have been returned. The property must be vacated on completion.

The grant is paid via the applicants' solicitors following proof of exchange of contracts. A minimum £1,000 retention is held until after the final property inspection, which takes place after the property has been vacated. The amount of retention returned is at the councils' discretion.

Guidance for applicants is available on-line at [Booklet No.38 - Assisted Purchase Scheme](#).

7. Minor Amendments

The Executive Head of Communities is authorised to make minor changes to this policy, including property value limits. Significant changes to the policy must be approved by the Housing Committee.