



**Shetland Islands  
Council**



This PDF leaflet is a reproduction of the **Housing Options Guide – Council Housing (Housing Options for Existing Tenants – Buying your Council House)** section.

If you would like this information produced in any other format, please telephone 01595 744360 or email [housing@shetland.gov.uk](mailto:housing@shetland.gov.uk).

### Useful Links

Housing Allocation Policy  
[www.shetland.gov.uk/housing/policyandprocedures/operationalprocedures.asp#AllocationPolicy](http://www.shetland.gov.uk/housing/policyandprocedures/operationalprocedures.asp#AllocationPolicy)

## Buying the Council house under the 'Right to Buy' scheme

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All Council tenants who have a Scottish Secure Tenancy have a statutory right to buy their house. Under the Housing (Scotland) Act 2001 'The Modernised Right to Buy' introduced new legislation regarding a tenant's right to purchase their Council property, where a tenancy started after 30 September 2002. For tenancies which started before 30 September 2002, the conditions remain the same as in the Housing (Scotland) Act 1987. The conditions required to qualify to purchase a Council property include:

- Tenants who have begun a new tenancy after 30 September 2002, (including mutual exchanges/transfers to another property) must have occupied a property or properties of a relevant landlord for a continuous period of 5 years. Relevant landlords include all Councils in the UK, Housing Associations, and Scottish Homes etc.
- Tenants who had the right to buy under the previous legislation, who were tenants prior to 30 September 2002, retain their previous rights as long as they remain in that tenancy. To be eligible to purchase their property they must have occupied a property or properties of a relevant landlord for a continuous period of 2 years.
- To be eligible for Right to Buy the tenant must have been resident for the continuous period of 2 or 5 years immediately preceding the application. The qualifying period under the old legislation was a continuous period of 2 years, so any tenants who have remained in such a tenancy to date will be eligible to buy now for another 5 years.
- The 2001 Act also allows an application to purchase to be refused if the tenant has rent arrears (current or former) or arrears of council tax and water and sewerage charges. The rent and council tax status are checked by Finance Services when an application is received.

## Exemptions:

There are a number of exemptions from the Right to Buy which include:

a) properties which are part of a group of houses which have been designed for persons with special needs where either:

- The houses are provided with, or situated near, special facilities for use by these tenants; and /or
- The tenants of the houses are provided with housing support services which are necessary for them to live independently

b) individual properties that have been designed or adapted for use by persons of pensionable age.

c) properties used by an islands authority for the purpose of housing for schoolteachers.

## Calculation of Discount

- A minimum of 20% discount is available following the 5 year qualifying period, which increases by 1% per year to a maximum of 35% of the market value or £15,000 (whichever is the lower). This applies to both flats and houses.
- Once again any tenant who had the right to buy before the introduction of the Scottish Secure Tenancy in September 2002 who remain in their present tenancy will have the discounts that were available prior to the introduction of the new legislation. The discount would be calculated in the following way;
- Tenants in houses – will be eligible for a discount of 32% of the market value of the house after 2 years tenancy, increased by 1% per annum to a maximum of 60% after 30 years of tenancy.
- Tenants in flats – the discount starts at 44% of the market value after 2 years tenancy, increasing by 2% per annum to a maximum of 70% after 15 years of tenancy.

## Cost Floor Rules

- In the event the landlord of the property has recently built, acquired or had substantial expenditure on improvements to the property, this will be taken into account in the calculation of the discount. This is called the “cost floor” rule. Where this work has taken place in the 10 years preceding the application to buy, the selling price must not be less than the eligible costs. These eligible costs include the construction, erection or acquisition as well as repairs or maintenance costs. Costs of less than £5,000 are ignored. The discount is calculated as normal, but if the cost floor is greater than the discounted price, then the tenant has to pay the cost floor price instead of the discounted price, eg price after discount £26,789; cost floor £27,000; tenant pays £27,000. If the cost floor is greater than the market value, as can happen in new build properties, then the tenant pays the full market value, regardless of discount entitlements.
- The selling price for each tenant and property is different and it is, therefore, important to seek advice from the Council’s Legal Services.

## Application to Buy

- Prospective Right to Buy applicants should ask the Council's housing staff at Shetland Islands Council - Housing Service, Department of Education and Social Care, 6 North Ness Business Park, Lerwick, for the relevant application form and accompanying booklet. The complete form should be returned to the *Council's Legal Services at 4 Market Street, Lerwick, telephone 01595 744550.*
- The sale of the property can only take place after its value has been officially assessed by the District Valuer who visits Shetland about six times a year for the purpose.
- Once the Council has received the valuation, confirmation of the tenancy details and the cost floor information, Legal Services will make the applicant an offer of purchase. This offer specifies the market value, the discount and the price as well as the terms and conditions of the offer. Acceptance of this offer binds a tenant to buy and it is recommended at this stage that the applicant has the services of a Solicitor before accepting the offer to help them complete the legal transaction. The whole Right to Buy transaction - from the date of application to the point of legal completion of the purchase - takes around 9 months on average in Shetland.