



# Rent to Buy Policy

## August 2021

**Lead officer: Jane Crookes, Lettings Manager**

<u>Version No.</u>	<u>Purpose/Changes</u>	<u>Approval Date</u>	<u>Approved By</u>	<u>Suggested Review Date</u>
3.0	Compliance check	12/08/2021	HoST	December 2023
2.0	Change of ownership	09/12/2020	Executive Leadership Team	December 2023
1.0	New Policy	January 2020	HoST	January 2023

### Contents

		<b>Page</b>
1.	Our policy is...	2
2.	It applies to...	2
3.	Because we want to...	2
4.	We will...	2
5.	Making sure we do what we say...	3
6.	Other things to bear in mind...	3
7.	We'll look at this again...	4

## **1. Our policy is...**

- 1.1 To deliver the Rent to Buy Scheme in line with the Homes England Capital Funding Guide (CFG) and the Shared Ownership and Affordable Homes Prospectus (SOAHP) and to make clear our approach to the Rent to Buy Scheme.
- 1.2 The Rent to Buy Scheme allows first time buyers in working households to rent a home at no more than 80% of current market rent, providing them the opportunity to save for the deposit over time to purchase their first home e.

## **2. It applies to...**

- 2.1 This policy applies to Ongo Homes and Rent to Buy customers.

## **3. Because we want to...**

- 3.1 Give more people the opportunity to become homeowners especially those who would possibly not be in a position to buy on the open market.
- 3.2 Ensure all applications are processed fairly, consistently, accurately and within committed timescales.

## **4. We will...**

- 4.1 In order to qualify, applicants must satisfy the following criteria:
  - Applicants must be at least 18 years old;
  - Rent to Buy Tenants must be working households and intending to buy their own home in the future at the time of letting and are not able to save for a deposit;
  - Tenants must be first-time-buyers or those returning to the market following a relationship breakdown;
  - Applicants must pass our pre-tenancy assessment, which will include Right to Rent, credit checks, affordability and previous tenancy checks.
- 4.2 Applications will only be processed when fully completed and supported with all the relevant documentation. Applications will be considered on a first-come, first-served basis unless the Local Planning Authority requires prioritisation to be given to certain individuals – for example, local area connection.
- 4.3 Applications will always be processed and assessed fairly, consistently and accurately and we will not refuse applications without valid justification.
- 4.4 Rent to Buy tenancies will be granted on a series of one year fixed term tenancies for a minimum period of 5 years from property handover date with annual reviews.
- 4.5 After 5 years, if the current tenant is not in a position to buy, we will consider rolling the tenancy over to a maximum of 1 year Fixed Term or convert to shared ownership, dependent on the individual circumstances of each tenant.
- 4.6 If an extension of one year is agreed and the tenant is still not able to purchase the property, we will discuss whether to either convert the tenancy to an assured

tenancy at an affordable rent or, support the tenant in a move to another property with a secure tenure within our stock, whichever is most suitable for the tenant and the business.

- 4.7 Throughout the five-years, the current circumstances of the tenant will be reviewed and discussed, if it is clear at any time the tenant has no intention to purchase a home at the end of the term, we will discuss their housing options with them and support them in finding suitable accommodation that meets their needs and circumstances.
- 4.8 If a tenant is converted to an assured tenancy on an affordable rent and chooses to leave, we will leave as an affordable rent product and possibly attach a strict Local Lettings Policy to the property to avoid any community cohesion issues.
- 4.9 Rent to Buy rents will be set in line with our Rent & Service Charge Settings Policy; in accordance with a RICS recognised method in line with all relevant legislation, regulation and guidance in place at the time and will not exceed 80% of the current market rent. During this time it is expected that the tenants will save for a deposit to enable them to purchase their home.
- 4.10 Rent changes will normally be applied annually at the renewal date for the fixed term tenancy.
- 4.11 If a Rent to Buy property is converted at any time to an Affordable Rent product, we will continue to set the rent in line with our Rent and Service Charge Setting Policy.
- 4.12 If a sole tenant wishes to add a joint tenant during the fixed term, this will only be done following an order made by the court. This would be done as a Deed of Assignment. Otherwise, this will be considered at the annual review and will be subject to the new joint tenant satisfying the required checks.
- 4.13 Rent to Buy properties will be sold at market value and the value will be that at the time when the sale process commences. Any money generated from the sale will be reinvested back into new developments.
- 4.14 The Preserved or Voluntary Right to Buy and Right to Acquire do not apply to Rent to Buy properties.
- 4.15 From April 1<sup>st</sup> 2021, the right to Shared Ownership will not apply to Rent to Buy properties.
- 4.16 All tenancies will be managed in line with our Tenancy Management and Income Management policies.

## **5. Making sure we do what we say**

- 5.1 Ongo Homes will measure the number of Rent to Buy applications received and completions of sales after the initial letting period to determine the success and uptake of the scheme.
- 5.2 It is the Head of Landlord Services' responsibility to make sure this policy is implemented.
- 5.3 The Lettings Manager will make sure:
- All relevant colleagues are aware of this policy
  - All relevant colleagues are trained relevant to their role
  - Customers are adequately informed of the policy and support is given where required to understand it

## **6. Other things to bear in mind**

- 6.1 This policy also links to our:
- Lettings Policy
  - Tenure Policy
  - Tenancy Management Policy
  - Anti-Social Behaviour Policy
  - Income Management Policy
  - Rent & Service Charge Setting Policy
  - Fixed-Term Tenancy Procedure
- 6.2 The main pieces of legislation and regulation relevant to this policy include:
- Housing Acts 1985, 1988, 1996, 2004
  - Regulator for Social Housing – Regulating the Standards
  - Homes England Capital Funding Guide (CFG)
  - Shared Ownership and Affordable Homes Prospectus (SOAHP)

## **7. We'll look at this again...**

- 7.1 This policy will be reviewed every three years. We will review earlier if any regulatory or legislative changes occur that may have an impact on this policy.