

RENT TO BUY POLICY

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Executive Summary:

The Rent to Buy Policy outlines how we will allocate and manage Rent to Buy units in line with Homes England requirements. Rent to Buy is a scheme that is aimed at helping people in housing need who want to buy a home but are unable to save a deposit. It allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit to then go on and purchase their home.

Policy Grouping/Directorate(s)	Customer & Communities	
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Notes:		

1 Introduction

- 1.1 Rochdale Boroughwide Housing (RBH) is a Registered Provider and, as a responsible landlord, RBH aims to promote a sustainable mix of good quality homes across different tenures in our communities in the areas in which it operates. Part of this housing offer is the provision of Rent to Buy properties.
- 1.2 Rochdale Boroughwide Housing receives public funds to help build homes for Rent to Buy and will assess and determine applicants' eligibility for our rent to buy properties fairly.
- 1.3 Rent to Buy is a scheme that is aimed at helping people in housing need who want to buy a home but are unable to save a deposit. It allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit to then go on and purchase their home.

2 Context

- 2.1 This policy has been developed to outline how we will allocate and manage Rent to Buy units in line with Homes England requirements and current best practice.

3 Aims & Objectives

- 3.1 The aims of the policy are:

- To ensure employees have clear over-arching guidance about how to assess applicants
- For applicants to be treated fairly and assessed at all times in line with Homes England Capital funding guidance and current best practice
- For applicants to be financially assessed for affordability so that financial risk to the group is minimised
- To be transparent, ensuring that tenants have a clear understanding of the Rent to Buy tenure

- 3.2 The policy fits with the mutual values of RBH:

Responsibility – We take responsibility for where possible meeting the needs of people who want to access home ownership.

Equity – This policy will help ensure a fair application process and clear guidance for customers.

Democracy – All Rent to Buy tenants will have the opportunity to become a member of RBH. This enables them to have a say on how RBH can deliver real benefits to the community and help build the local economy.

Pioneering – This policy supports a forward thinking approach to the customer journey and simplification of the process.

Collaboration – This policy ensures that all teams across RBH work together to deliver an excellent service to rent to buy tenants.

4 Policy Statement

4.1 Rent to Buy will only be available on specific homes where Rent to Buy Grant funding has been secured. Rent to Buy cannot be transferred to other homes owned by RBH. Voluntary Right to Buy and Right to Acquire are not applicable on homes built with Rent to Buy grant funding.

4.2 Eligibility

4.2.1 RBH will assess all applicants to ensure they fit the eligibility criteria. An applicant's ability to access Rent to Buy will be determined by assessment across the following areas:

- Applicants must be looking to buy a home but unable to save for a deposit
- Be over 18 years of age
- A first time buyer
- A previous owner occupier that wants to return to the market following a relationship breakdown or change in financial circumstances
- Be a British or EU/EA citizen or have indefinite leave to remain in the UK

4.3 Affordability & Referencing

4.3.1 RBH will carry out affordability checks and external referencing

4.3.2 Households must be of working age, be in employment and have a household income sufficient enough pay the rent and save for a deposit to purchase. This will be determined by an external credit referencing agency.

4.3.3 Must have income below £80,000

4.3.4 Must not have adverse credit that would restrict them from purchasing the home in the future

4.4 Tenancy Agreement

4.4.1 Rent to Buy homes will be offered on an assured short-hold tenancy at an Intermediate Rent for a fixed term of 12 months. This will be renewed on a yearly fixed term tenancy to cover the full 5 year period.

4.4.2 Rent will be set inclusive of Service Charges with an annual increase applied on the 1st April. The rent increase will be no more than that of the Consumer Price Index taken from September of the previous year plus 1%. A breakdown of rent and service charge will be provided on the tenancy agreement.

4.4.3 Rent is set at 80% of the full market value and is to be reviewed on termination/re-let of a property. These rents will not be subject to capping at the Local Housing Allowance level.

4.4.4 Water will not be collected by RBH. The tenant will be responsible for paying their own water direct to United Utilities.

4.4.5 A deposit of a month's rent will be collected on sign up. This will be lodged with a government approved deposit protection scheme within 30 days of being received. ELT to approve new Deposit Protection Scheme counterparties subject to financial checks.

- 4.4.6 A month's rent will be taken in advance of sign up.
- 4.4.7 The tenant must give 4 weeks' notice in writing to terminate their tenancy.
- 4.4.8 If a tenancy is terminated RBH will make a decision on whether the home is re-let or sold and under what tenure at that point. If the home is to be re-let as Rent to Buy this will be via the Home Ownership Team.

4.5 **Letting to Employees**

- 4.5.1 RBH will let a Rent to Buy home to an RBH employee providing they meet the criteria for Rent to Buy and have undergone the required affordability assessment and external referencing. They will not be given any priority over other applicants.

4.6 **Additional Information**

- 4.6.1 Rent to Buy Homes will be sold at market value at the time of purchase by the tenant.
- 4.6.2 After the 5 years have lapsed, if the tenant is unable to purchase the home RBH will review and either decide to re-let to a tenant wanting to buy a home or re-let on an affordable rent tenure to the existing tenant at 80% of market rent and not capped at LHA.
- 4.6.3 Rent to Buy tenancies will be managed in line with RBH Tenancy Policy and Rent and Income Policy. Rent will be collected in line with our Rent to Buy Income Procedures.
- 4.6.4 Once a tenant has signed their tenancy agreement and moved in, details will be sent over to the Neighbourhood Housing team for them to arrange a welcome visit.
- 4.6.5 Tenants will be expected to save for a deposit during the tenancy and annual reviews will be carried out by the Home Ownership team.
- 4.6.6 Rent to Buy homes are not subject to local authority nominations.
- 4.6.7 Rent to Buy applications will be assessed on a first come first served basis. If there are more applicants than homes, priority will be given to families with children for three bedroom homes.
- 4.6.8 Requests to purchase within the 5 year period will be considered on a case by case basis and a decision made by the Executive Director of Customer and Communities. Rent to Buy tenants can only purchase prior to the 5 years on a Shared Ownership tenure.
- 4.6.9 The oven, hob and extractor fan will be gifted to the tenant. Any gas appliances will still be included in the annual gas safety carried out by RBH but will be the tenant's responsibility if any repairs are needed. Gas safety checks will be carried out by RBH up until the point of sale. The oven will come with a guarantee and will be the tenant's responsibility to activate it. For any renewable energy technology that is installed the relevant safety compliance checks will need to be carried out by RBH.

- 4.6.10 An electrical insulation condition report will be carried out by RBH every 5 years, after the first 10 years from build.
- 4.6.11 Annual thermostatic mixing valves check will be carried out by RBH.
- 4.6.12 At sign up the tenant will be provided with an inventory which will be used as evidence to dispute any damage caused to the home if the tenant moves out. The Development and Re-generation team will meet the major works team at the end of the 4 weeks' notice to ensure that any repair work is agreed and deducted from tenant's deposit before it is released back to the tenant.

5 Monitoring

- 5.1 This policy will be monitored to ensure it is up to date with any changes in legislation.

6 Review

- 6.1 All RBH strategies, policies, service standards and procedures are reviewed on a regular basis to ensure that they are 'fit for purpose' and comply with all relevant legislation and statutory regulations.
- 6.2 This policy will go through the full policy approval process every 3 years and will undergo a desktop review annually. This is to ensure that it is fit for purpose and complies with all relevant and statutory regulations.

7 Links with Other RBH Documents

- 7.1 This policy links to the following policies and strategies:
- RBH Rent and Income Collection Policy
 - RBH Rent Service Charge Policy
 - RBH Tenancy Policy
 - RBH Money Laundering Policy