

RENT TO BUY POLICY

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EIA Required?	<input type="checkbox"/>
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Lead officer:	Anila Khalid

1 RENT TO BUY POLICY

2 INTRODUCTION

2.1 The Rent to Buy product was introduced through the government's Shared Ownership and Affordable Homes Programme 2016 – 2021 with an aim of helping tenants to rent a property at normally 20% below market rent enabling them to save for a deposit to purchase the property within a five-year time frame from the tenancy commencing.

2.2 Rent to Buy is aimed working households, those in full or part time employment, first time buyers and those returning to home ownership following a relationship breakdown. Applicants must be able to demonstrate the ability to save for deposit whilst paying the rent.

2.3 Strategic Links

The policy links to:

- Homes England Capital Funding Guide, Rent to Buy
- SHG Development Strategy 2021-26
- SHG Rent Setting Policy and Procedure
- SHG Delivery Plan

3 KEY FEATURES OF THE POLICY

Eligibility, Affordability and Allocations

3.1 At the time of letting, Rent to Buy tenants must be working households intending to buy the property in the future.

3.2 Rent to Buy tenants must not have previously owned their own home, except for an applicant looking to return to home ownership following a relationship breakdown.

3.3 SHG will follow the eligibility criteria set for shared ownership.

3.4 Households must also pass our reference checks, credit checks, right to rent checks and affordability assessments prior to being offered a Rent to Buy tenancy.

3.5 Allocations will be made on a "first come first served" basis to the most suitable applicant.

3.6 Tenants will not be obligated to purchase the property during, or by the end of, the five-year period. Housing options information will be discussed with the tenant if purchasing the property is not a viable option for them.

Tenancies

3.7 SHG will let Rent to Buy properties on assured shorthold tenancies using the Three Sixty Living AST plus a specific Rent to Buy addendum. The rent level charged will be up to 80% of the market rent inclusive of service charges.

3.8 Prior to the end of the first five years of the property being let to a tenant, tenancies will be renewed so long as the rent account is clear and there are no other tenancy breaches.

3.9 Where a tenant does not wish to purchase after the five-year period, SHG will consider renewing the tenancy and the tenancy will continue to be a rolling periodic tenancy paying the intermediate rent level.

Security Deposit

3.10 A security deposit of five weeks rent will be taken at sign up and held in a government approved Deposit Scheme.

Rent Setting or Rent Reviews

3.11 Rents will be reviewed annually during each tenancy, in line with SHGs Rent Strategy and Rent Setting Procedure. As units become vacant during the year, new rent valuations will be obtained to ensure rents are re-set at the correct level.

Management of Rent to Buy Properties

3.12 Tenanted Rent to Buy properties will be managed by the Home Ownership team following practices used to manage shared ownership and leasehold properties. Vacant Rent to Buy properties will be managed by Three Sixty Living including advertising, prospective tenant viewings, credit and affordability checks, references, deposit and sign-up process.

3.13 In cases where tenants breach a clause of their tenancy agreement, relevant remedial action will be taken. For nonpayment of rent and in changes of circumstances where the property may be unaffordable, housing options advice will be given to the tenant.

Home Ownership

3.14 At any time after the property is five years old, tenants may submit a request to buy their home at the current open market value. SHG will agree to the sale if the value is not lower than the build cost of the property. The valuation must be carried out by a RICS qualified surveyor.

3.15 Rent to Buy tenants do not qualify for the Right to Buy, Preserved Right to Buy, Voluntary Right to Buy, or Right to Acquire regardless of any previous tenancies.

4 EQUALITY IMPACT ASSESSMENT (EIA)

4.1 Rent to Buy is a government initiative with eligibility criteria set by government. Stockport Homes will support any customers or tenants who make contact for housing options advice, including referring to relevant external agencies and also to its own Money Advice Team in cases where affordability or income maximisation is an issue.

5 OWNERSHIP, MONITORING & REVIEW

5.1 This policy is owned by the Operations Directorate. It will be monitored by the Home Ownership Team and reviewed at least every three years and in line with any legislative changes.