

Rent to Buy Policy

1.0	SCOPE
	Purpose
1.1.	This Policy sets out whg's approach to Rent to Buy, including allocating and letting homes and managing the sales process. Rent to Buy is a scheme which allows working households to rent a home at an Intermediate Rent, providing them the opportunity to save for a deposit to subsequently purchase the home.
	Legal and regulatory framework
1.2.	The Homes England's Capital Funding Guide (CFG) and the Shared Ownership and Affordable Homes Prospectus (SOAHP) set out the framework for operating the Rent to Buy. There is also some detail contained in whg's SOAHP grant funding agreement with the Homes England.
1.3.	<p>The CFG requires that the Rent to Buy scheme should operate having regard to Homes England Regulatory Standards. The Policy allows for the optimisation of future returns on Rent to Buy assets in line with the Value for Money Standard which states that Registered Providers should:</p> <p>"2.1(b) regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures"</p>
1.4.	The CFG requires Rent to Buy tenancies to be of less than two years.
1.5.	The Rent Standard limits rent increases to no more than CPI + 1% and this corresponds with Rent to Buy rent increases under the CFG and SOAHP. Homes England confirmed that the four year 1% rent reduction did not apply to Rent to Buy.
2.0	POLICY STATEMENT
2.1.	whg will ensure that all applications for Rent to Buy homes are processed fairly, consistently, accurately and within prescribed timescales.
2.2.	Rent to Buy homes will be let to working households who are looking to buy a home but have been unable to save for a deposit.

2.3.	The homes will be let as Rent to Buy at an Intermediate Rent for a minimum of five years. During this time it is anticipated that the tenants will save for a deposit to enable them to purchase the home.
2.4.	After the five years, whg may continue offering the home as Rent to Buy, sell the home with the tenant having the right of first refusal, or convert the home to Shared Ownership, Market Rent or another form of Affordable Rent.
	Property Specification
2.5.	The property specification will be determined on a scheme by scheme basis to ensure sufficient demand for the homes, with the Affordable Rent home specification being the default position.
	Applicant Eligibility
2.6.	Rent to Buy homes will only be let to working households (including single people) who have an intention to buy their own home in the future, at the time of letting.
2.7.	Applicants must be first time buyers or applicants returning to the market following a relationship breakdown who do not own any other residential property.
2.8.	Applicants must have an income less than that required to rent or buy a home on the open market. Maximum income levels will generally be set on a regional basis.
2.9.	Applicants must be at least 18 years of age.
2.10.	The immigration status of applicants will be checked to ensure that they have the Right to Rent.
2.11.	A full credit check and financial appraisal will be completed to ensure the applicant(s) can afford the home.
2.12.	Where the applicant is or has been a tenant previously, a reference will be required from the landlord.
2.13.	Overcrowding will not be permitted in line with the National Bedroom Standard.
2.14.	Applications for Rent to Buy homes will be refused where: <ul style="list-style-type: none"> There is evidence that the applicant(s), members of their household or their visitors, have acted anti-socially such that they would be in breach of the whg tenancy agreement

	<ul style="list-style-type: none"> • The Police, Social Services or Probation Services formally advise us that the applicant(s), members of their household or their visitors should be denied access to whg properties. This could be in order to protect the community or to prevent or reduce crime and disorder in the area • The applicant(s) have demonstrated through use or threat of violence towards whg colleagues (including verbal abuse), an intention not to cooperate with whg • The applicant(s) have knowingly or recklessly failed to provide accurate information or have knowingly withheld relevant information from their application form or in interviews with whg colleagues • The applicant(s) have an outstanding legal action against them • The applicant(s) have an unpaid debt with whg or other landlord
	Allocations and Lettings
2.15.	Rent to Buy homes are not subject to local authority nominations. whg may however work with the local authority to identify potential tenants, subject to the eligibility criteria above.
2.16.	Rent to Buy homes will be using a range of media but the primary choice will be online, using the most popular sites such as Right Move and Zoopla. They will not generally be advertised on whg's choose & move scheme.
2.17.	Applicants may also be identified where they have applied for shared ownership with whg but do not meet the eligibility criteria.
2.18.	All lettings will be reported to CORE.
	Rental Period
2.19.	Rent to Buy homes will be let to customers on a one year fixed term tenancy. Tenancy reviews will be completed to determine whether further one year fixed term tenancies should be granted.
2.20.	After the initial five years of letting whg may wish to sell the home. The five years runs from the date of the first letting and there may be more than one tenant during the five year period. If whg wishes to sell the home after the initial five years, the current tenant will have the right of first refusal.
2.21.	If at any point after the initial five years of letting the tenant(s) submits a request to buy their home, whg will agree to sell except in exceptional circumstances. An example of where whg will refuse a sale is if the sale will result in a financial loss to whg.
2.22.	After the first five years from the initial letting, whg may choose to convert the home to an Affordable Rent or Market Rent home, or to continue letting it as a

	Rent to Buy, or convert it to Shared Ownership rather than selling it outright, with approval being required from CDAP. Tenure options will be reviewed at least every five years thereafter.
	Rents and Service Charges
2.23.	Rent to Buy homes will be let at an Intermediate Rent which will not exceed 80% of the current market rent. Rents may be set at less than 80% if it will benefit potential future homeowners, based on local circumstances, and as long as the scheme as a whole represents good value.
2.24.	Rents will be increased annually by CPI plus 1%. CPI will be taken as at the September of the previous year.
2.25.	Service Charges will be included in the net rent and not identified separately to customers.
2.26.	Where rent arrears accrue on a Rent to Buy tenancy, Ground 8 for possession will not be used.
	Home Ownership
2.27.	whg will promote and signpost customers to relevant Government initiatives, and lenders, to support homeownership.
2.28.	Rent to Buy homes will be sold at market value and customers wishing to purchase their home will need to obtain a conventional mortgage to do so. There is no additional affordability assessment, over that of the mortgage lender. The market value will be that as valued when the sale process commences.
2.29.	The home may be purchased on a shared ownership basis.
2.30.	The Preserved or Voluntary Right to Buy and Right to Acquire does not apply to Rent to Buy homes.
2.31.	All sales will be reported through the Homes England's Investment Management System and CORE.
3.0	PERFORMANCE MEASURES
3.1.	whg will measure the number of Rent to Buy sales applications and completions Rent to Buy Policy
4.0	EQUALITY AND DIVERSITY

4.1	The Homes England's Capital Funding Guide (CFG) and the Shared Ownership and Affordable Homes Prospectus (SOAHP) set out the framework for operating the Rent to Buy. This does restrict whg's ability to decide who is applicable for this scheme and who is not. We will follow the correct guidelines and procedures made available to us by Homes England.
5.0	TRAINING AND DISSEMINATION
5.1.	We will ensure that this Policy is available to colleagues and it is disseminated to colleagues who process Rent to Buy.
6.0	MONITOR AND REVIEW
6.1	This Policy will be monitored by the Director of Housing and reviewed every three years by the Policy Group or sooner if there is a significant change in legislation.
7.0	ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES
7.1	<ul style="list-style-type: none"> • Immigration Act 2014 and 2016 • Capital Funding Guide • Shared Ownership and Affordable Homes 2016 – 2021 Prospectus • Addendum to the Shared Ownership and Affordable Homes 2016-2021 Prospectus – January 2017 • Homes England and whg Grant Agreement (re Shared Ownership and Affordable Homes Programme 2016-21) • Rent and Service Charge Policy

Document author	Director of Housing
Document owner	Director of Housing
Legal advice	N/A
Consultation	N/A
Approved by	May 2021 GEXEC September 2021
Review Date	September 2025
Corporate Plan aim	<ul style="list-style-type: none"> • Deliver high quality homes and services for our customers • Grow and extend our services, our reach and our range
Equality Assessment	N/A
Key changes made	None apart from amendment of reference to HCA to Homes England