

Rent to Buy Policy

Directorate: Investment, Development & Sustainability

Issue Date: November 2023

Review Date: November 2025

Version: 1

Document Information

Scope:

This policy is designed to support Salix Homes' vision of helping our communities to live, grow and thrive together, by providing good quality, desirable and affordable accommodation.

The policy ensures that our Rent to Buy housing stock is allocated to applicants who meet the criteria set out by Homes England for Rent to Buy and who can reasonably be expected to save a deposit and purchase the property from us at the end of the initial five-year rental period.

Through the provision of Rent to Buy scheme Salix Homes is providing more people the opportunity to become homeowners within Salford who would not otherwise be in a position to buy on the open market.

Service Standard / Performance Measure / Corporate Strategy

This policy ensures that Salix Homes adheres to the relevant legislation when marketing and allocating Rent to Buy properties to ensure they are allocated fairly and effectively to applicants that meet the eligibility criteria.

Service Standards

- Salix Homes will assess all applicants against the eligibility criteria set out by Homes England under the Rent to Buy scheme within 4 weeks of their application.

Performance Standard

- 100% of applicants will be assessed against the eligibility criteria within 4 weeks of their application and informed if they have been accepted or declined.
- 100% of Rent to Buy units will be allocated to applicants within 6 months of handover by the developer.
- Marketing will commence no later than 3 months prior to the handover of the scheme.

Salix Homes will ensure effective implementation of this Policy and other connecting policies, provide training for staff to ensure they fully understand their responsibilities around shared ownership services.

The Policy will be monitored and reviewed, as appropriate when strategic, procedural, or legislative changes occur, or any significant changes are made by Homes England.

Risks:

Risk Factor 1 – Low Demand for Rent to Buy Properties

Document Information

Mitigation – The Property Sales and Marketing Manager will ensure all Rent to Buy properties are proactively marketed using all appropriate channels to maximise interest. Where low demand occurs incentives or reduced rent offer will be considered and incorporated into the marketing. Where properties cannot be allocated a review of tenure will be undertaken if required.

Risk Factor 2 – Failure to adhere to Homes England process

Mitigation – Detailed scheme records are to be held on Rent to Buy schemes holding all required documents for audits that demonstrate Homes England processes are adhered to. The Property Sales and Marketing manager will ensure Salix Homes procedures are amended to reflect any changes with the Capital funding Guide.

Risk Factor 3 – Rent and Service Charge arrears

Mitigation – The Rents Team will carry out the rent and service charge collection in accordance with Salix Homes policies and procedures.

Risk Factor 4 – High tenancy turnover

Mitigation – Through the application process the Property Sales and Marketing Manager and sales team will ensure the successful applicants are fully aware of the Rent to Buy terms and are committed to purchasing the property at the end of the Rent to Buy period.

Risk Factor 5 – Failure to purchase at the end of Rent to Buy term

Mitigation – The Sales and Marketing team will engage with customers proactively to identify if any do not intend to purchase the property at the end of the Rent to Buy term. Where this occurs due to lack of a deposit an annual extension will be considered to enable the customer additional time to save. Where the customer has no intention to purchase the property the tenure will be reviewed.

Equality, Diversity and Inclusion:

Salix Homes is committed to promoting and embedding a culture of equality, diversity and inclusion (EDI) within our workplaces and the communities we serve.

- Equality is about ensuring that every individual has an opportunity to make the most of their lives and talents.
- Diversity is recognising difference and responding positively to those differences.
- Inclusion is about creating an environment where our services and employment opportunities are accessible to all.

We are committed to meeting our obligations and duties under the Equality Act 2010 and to promoting equal opportunities both in the provision of services and in our employment practices. We will consider all the protected characteristics of the Act which are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Race

Document Information

- Religion or belief
- Sex
- Sexual orientation
- Pregnancy and maternity

We also recognise that Socioeconomic background is an area where inequalities exist and commit to addressing this disadvantage and inequality in our communities where able to do so.

We are also mindful of our duties under the Public Sector Equality Duty, which is to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Where reasonable to do so, Salix Homes will make any reasonable adjustment to ensure compliance with the Act.

Related Policy / Procedure & Documents:

Anti-Social Behaviour, Hate Crime and Domestic Abuse Policy & Procedure
 Repairs Policy & Procedure
 Empty Properties Management Policy & Procedure
 Income Management Policy
 Anti-Money Laundering Policy & Procedure
 Homes England Capital Funding Guide

Related Legislation / Relevant Regulation:

Salix Homes is required to comply with statutory requirements and rules and guidance issued by the government and their departments.

Whilst the following is not exhaustive the requirement laid out have been considered when formulating this policy and all staff will refer to the documents listed for further clarification or seek legal advice where necessary:

- Housing Act 1985
- Housing Act 1996
- Data Protection Act 1998 (as amended by statutory instrument 2002 No 2905)
- Localism Act 2011
- Defective premises act 1972
- Landlord & tenant act 1985
- Capital Funding Guide

Document Information
<p>Retention & Legal Basis for Storage:</p> <p>Salix Homes will retain documentation related to our Rent To Buy properties to demonstrate that the development, allocations and sales processes have been undertaken in accordance with Homes England standards.</p> <p>The retention periods for the relevant documents are:</p> <ul style="list-style-type: none"> • Applications for accommodation- 6 years after offer accepted by current tenants. • Current tenants file and documents for the length of the tenancy. • Former tenants' agreements files- 6 years after tenancy is terminated.
<p>Stakeholders:</p> <p>Solicitors have been consulted on the creation of the Assured shorthold tenancy agreement for the Rent to Buy tenure.</p>
<p>Data Protection Impact Assessment (DPIA)</p> <p>A DPIA was completed, by the Property Sales and Marketing Manager and submitted with this policy in November 2023.</p> <p>The handling and use of this data will be practised in accordance with the General Data Protection Regulations (GDPR) 2018.</p>
<p>Equality Impact Assessment (EIA)</p> <p>An EIA was completed, by the Property Sales and Marketing Manager and submitted with this policy in November 2023.</p>

Introduction

This policy is for the Rent to Buy product that was introduced by the (then) Housing Corporation in 2008 and now Homes England. It is an “intermediate” product which the Government has established to enable more people to buy their own home. Rent to Buy allows eligible customers to rent a property at 80% of the market rent with an option to purchase the property at the end of the initial 5-year rental period.

The purpose of the policy is to provide clarity for Salix staff, stakeholders and customers on what Rent to Buy and how Salix Homes will manage the tenure at different stages in the customer journey in accordance with grant funding conditions

The policy solely relates to Rent to Buy tenure that allows eligible applicants to rent a home at 80% of market rent, while saving for a deposit to purchase by the end of the 5th year of the tenancy. The tenure will be reviewed and either offered as Shared ownership or outright sale at the end of the 5-year period.

Marketing and Advertising

Properties will be marketed by Willo Homes utilising the Willo Homes website and all social media platforms and where appropriate print media will be utilised to proactively promote all properties. A waiting list will also be created so that unsuccessful applicants can be contacted in the first instance for future relets.

Eligibility Criteria

The Rent to Buy scheme requires participating Housing associations to assess all applicants against specific criteria to ensure they are:

- In Employment
- A First time buyer
- Applicants may also be eligible for Rent to Buy if they are seeking to return to home ownership following a relationship breakdown They have no current deposit to purchase a property on the open market
- Are UK citizenship
- Have the Right to Reside
- Have the Right to Rent
- Have a good level of credit score
- Meet the affordability criteria – To be able to afford the monthly rent and save for a deposit.

Applicants for Rent to Buy properties must complete the Rent to Buy application form and provide the required proof of how they meet the criteria and supporting documentation to include:

1. 3 months pay slips.
2. 3 months bank statements.
3. Employment reference.
4. Photo ID.
5. Any proof of right to rent if required for the application.

Affordability assessments

The affordability assessments are designed to ensure that any Rent to Buy lets made by Salix Homes are sustainable and the customer has suitable funds to save for a deposit to purchase after a 5-year rental period. Customers will be assessed on their capacity to afford the full market rent, of which they will only be charged an affordable rent (80% of market rent). This allows customers to save 20% of their income over the five years. Salix Homes will undertake financial background checks on all applicants and potential purchasers to verify eligibility. Further due diligence, anti-fraud and money laundering checks form a part of the affordability application.

Deposit

Customers will be required to provide a deposit that will be held in a tenancy deposit protection scheme DPS (Deposit Protection Service). This is usually the equivalent to one month's rent amount which will be held for life of the tenancy prior to the customer purchasing the property.

Rent Settings

Rents will be set at 80% of the market rent, inclusive of the service charge. An independent valuation will be used to determine the initial market rent value at tenancy commencement. Rent increases will be annual and carried out by the Salix Finance Team in line with the tenancy agreement and the capital funding guide.

Tenancy Agreement

An Assured Shorthold Tenancy will be used that is a fixed term for the first 12 months and will then convert to a periodic tenancy for the remaining 4 years. Salix homes will seek to terminate the tenancies of anyone in breach of their tenancy agreement, whether this is for persistent arrears, anti-social behaviour or other breaches. Tenants can give one month's notice after their initial 12 months tenancy agreement or one month's notice during their periodic term.

The government is currently consulting on a new Rent Reform Bill which could have implications on this process. When the Bill is passed Salix will review this process and amend to reflect the requirements of the Bill.

Savings

Rent to Buy customers will have the option to purchase their home at the end of the initial 5 year letting period. It is expected that during the initial 5 years customers will be saving towards a deposit to purchase their home. The discounted 20% monthly rent is to assist towards the deposit for purchase.

Salix Homes will not sell a property if its value has fallen below the original RIC's value figure and therefore would produce a loss at the time of the request to purchase. In these circumstances, the customers right to purchase the property will be deferred until the market value of the premises is equal to or exceeds the Base Value set by a RICS accredited surveyor or the cost to build the property (whichever the higher).

The possible outcomes will vary dependent upon the age of the property and at the discretion of Salix Homes. Outcomes may include letting the property at affordable rent or disposal.

Salix Homes will carry out an annual review with Rent to Buy customers each year, to review their tenancy and savings progress.

There is no Right to Buy associated with the rent to buy product, and customers with the Right to Acquire cannot activate their right on these homes. Any existing Salix Homes customer that is accepted for a rent to Buy property will therefore lose the Right to Buy or Right to Acquire.

Colleague Interest

If a Salix colleague expresses an interest in applying for a Salix Homes Rent to Buy property, applications need to be made to the Property Sales and Marketing Manager to ensure the criteria has been adhered to.

Any allocation to a Salix Homes colleague will require approval from the Director of Investment, Development & Sustainability or alternative Salix Director to ensure due process has been met.

Tenancy Fraud

Salix Homes will act against any customer attempting to fraudulently obtain a Rent to Buy property and is found to have deliberately lied, provided us with false information, or withheld information as part of the application process. Housing fraud is a criminal offence, and we will act against tenancy fraud. A property obtained by deception will be repossessed. If we discover this type of irregularity at the offer stage, we will withdraw the offer.