

Rent to Buy Policy

Directorate: Investment, Development & Sustainability

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1. Introduction

- 1.1. 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.
- 1.2. The purpose of the policy is to provide clarity for Salix staff, stakeholders and customers on what Rent to Buy is and how Salix Homes will manage the tenure at different stages in the customer journey in accordance with grant funding conditions
- 1.3. 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 at the end of the 5-year period after the scheme completed and either offered as Shared Ownership, outright sale or continued rental at an affordable rent.

2. Policy Statement

- 2.1. 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.
- 2.2. 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.
- 2.3. Through the provision of the 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.

3. Marketing and Advertising

- 3.1. Properties will be marketed by Willo Homes utilising the Willo Homes website and all appropriate marketing media will be utilised to proactively promote all properties

- 3.2. A waiting list will also be created so that unsuccessful applicants can be contacted in the first instance for future relets.

4. Eligibility Criteria

- 4.1. 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 and 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.
- 4.2. 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:
 - 3 months' pay slips.
 - 3 months' bank statements.
 - Employment reference.
 - Photo ID.
 - Any proof of right to rent if required for the application.

5. Affordability Assessments

- 5.1. 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.
- 5.2. 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.
- 5.3. 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.

6. Deposit

- 6.1. 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.

7. Rent Setting

- 7.1. Rents will be set at 80% of the market rent, inclusive of the service charge.
- 7.2. An independent valuation will be used to determine the initial market rent value at tenancy commencement.
- 7.3. Rent increases will be annual and carried out by the Salix Finance Team in line with the tenancy agreement. Where a customer does not purchase the property outright or through Shared Ownership after 5 years, this process will be applied throughout the life of the subsequent affordable tenancy.

8. Tenancy Agreement

- 8.1. An Assured Tenancy will be used that is a fixed term for the first 12 months and will then convert to a periodic tenancy until any further changes are announced under the Renters Rights Act.
- 8.2. 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.
- 8.3. Where possession action is required, Salix Homes will rely upon the statutory grounds for possession available under the Housing Act 1988 and any subsequent legislation.
- 8.4. Customers can give one month's notice after their initial 12 months tenancy agreement or one month's notice during their periodic term.

9. Savings

- 9.1. Rent to Buy customers will have the option to purchase their home at the end of the initial 5 year letting period, following completion of the scheme. 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.

- 9.2. 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).
- 9.3. 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.
- 9.4. Salix Homes will carry out an annual review with Rent to Buy customers each year, to review their tenancy and savings progress. The review is intended to provide advice and support and will not in itself affect security of tenure unless there is a breach of tenancy.
- 9.5. 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.

10. Colleague Interest

- 10.1. 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
- 10.2. 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.

11. Tenancy Fraud

- 11.1. 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.

12. Monitoring / Performance / Targets

12.1. 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.

12.2. Service Standards

12.2.1. 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.

12.3. Performance Standards

12.3.1. Salix Homes will assess 100% of applicants against the eligibility criteria within 4 weeks of their application and informed if they have been accepted or declined.

12.3.2. Salix Homes will allocate 100% of Rent to Buy units to applicants within 6 months of handover by the developer.

12.3.3. Marketing will commence no later than 3 months prior to the handover of the scheme.

12.4. 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.

12.5. 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.

12.6. The government is currently developing a timeline for the implementation of the Renters' Rights Act. Salix Homes will review and update this policy in line with any relevant changes because of this legislation.

13. Roles / Responsibility

13.1. The Property & Leasehold Services 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.

- 13.2. The Property & Leasehold Services Manager will ensure Salix Homes procedures are amended to reflect any changes with the Capital funding Guide.
- 13.3. The Income Management Team will carry out the rent and service charge collection in accordance with Salix Homes policies and procedures.
- 13.4. Through the application process the Property & Leasehold Services Manager and Leasehold 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.
- 13.5. The Leasehold 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 of purchasing the property the tenure will be reviewed in line with this policy.

14. Legal / Regulatory Links

14.1. This policy relates to the following:

- Housing Act 1985
- UK GDPR
- Data Protection Act 2018
- Localism Act 2011
- Defective premises act 1972
- Landlord & tenant act 1985
- Capital Funding Guide
- Renters' Rights Act 2025

15. Equality, Diversity and Inclusion

15.1. 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.

15.2. 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
- Religion or belief
- Sex
- Sexual orientation
- Pregnancy and maternity

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

15.4. 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.

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

16. Related Documents

16.1. This policy should be read in conjunction with/ and or links to the following documents:

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