



# Rent to Buy Policy

<b>1. Aim of policy</b>	
1.1	This policy outlines our approach to Rent to Buy, how they will be allocated, managed and used to the benefit of our customers.
<b>2. Scope of policy</b>	
2.1	This policy applies to all Rent to Buy properties or similar products that provides an opportunity for customers to rent a home at a submarket rent for a period of time, while they save towards a deposit which will allow them to purchase that home under shared ownership conditions or outright.
2.2	The properties we would define within this category are: Homebuy (product name pre 2010, not to be confused with Help to Buy equity loan) and Rent to Buy.
2.3	All staff within Customer Operations and Development and Sales need to be aware of this policy.
<b>3. Policy statement</b>	
3.1	We're committed to providing a range of housing products that meet the needs of our communities. Whilst not vast in number, we do have some properties where we are able to offer customers, who have an ambition to own their own home, a chance to get onto the housing ladder by allocating this product to them. This would be an assured shorthold tenancy for 5 years at rent which is 80% of the market rate. During the 5 years of the tenancy, it will allow time for a deposit to be saved and then the opportunity to purchase at the end of that period.
3.2	This supports our ambition to provide a range of homes to meet the needs and ambitions of the communities we work in.
3.3	This policy will comply with the guidance of the Capital Funding Guide if appropriate.
<b>4. Policy</b>	
<b>Rent to Buy</b>	
4.1	We work with our local authority partners to provide new homes which meet local needs. Our main housing provision is for social and affordable rented and shared ownership homes. On occasion the mix of homes on a new development may not meet that local need and by agreement with the local authority we may consider offering an intermediate housing product in the form of Rent to Buy.
4.2	The Rent to Buy property will usually be offered to a nomination from the councils waiting list, being advertised to attract applicants who have a desire to purchase in the longer term and who are working. This product is usually targeted at first time buyers but in exceptional



circumstances applicants who have previously been homeowners may be considered. The route to access this housing product will be agreed via the nomination agreement with the local authority.

- 4.3 The usual financial, identification and credit assessments will be applied to ensure that the rent is affordable. Customers will be assessed to ensure that they are not financially able to purchase a property on the open market.
- 4.4 Applicants will be required to enter into a Rent to Buy Options Agreement confirming their intention to use the benefit of the 5-year reduced rent to help them save towards the mortgage deposit.
- 4.5 There is no restriction on what size of home an applicant can apply for, but we will use our discretion to ensure the property(ies) are allocated appropriately.
- 4.6 An assured shorthold tenancy will be issued with a fixed term of 6 months. Thereafter the tenancy will continue as a rolling periodic tenancy. The applicant will be required to abide by its terms.
- 4.7 The Options Agreement will be issued and signed along with the tenancy agreement.
- 4.8 The rent will be set at 80% of the market rent, inclusive of service charges.
- 4.9 A month's deposit will be taken and held in a protected Rent Deposit Scheme. If the property is purchased at the end of the 5 years, the deposit will be paid back in full.
- 4.10 At any point between year 1 and 5, if the customer is able to and would like to purchase the property outright, a market valuation will be sought, and the purchase price agreed. If they want to purchase under shared ownership, they will follow the shared ownership process.
- 4.11 If at the end of the 5-year period the customer does not want to purchase the property, discussions will be undertaken with the customer to understand their future housing requirements. If they want to remain in the property under the rental terms this will be considered.
- 4.12 If the customer terminates the tenancy before the end of the 5-year period, we will consider whether the property will be let on the Rent to Buy terms or if it should be sold or the tenure changed. This will be reviewed to ensure that the affordable housing obligations with the Planning Approval for the property can still be delivered.
- 4.13 It is noted that the Voluntary Right to Buy and the Right to Shared Ownership (for Rent to Buy homes provided through the AHP 2021 to 2026) are not applicable for homes developed under Rent to Buy.
- 4.14 HomeBuy**  
The Homebuy product pre-dates the Rent to Buy scheme. However the two schemes are similar and will follow the same route to purchase.

## 5. Statutory requirements

- Capital Funding Guide

## 6. Related policies

This policy must be read in conjunction with:

- Sales Policy



- Lettings Policy
- Income Policy
- Equality and Diversity Policy
- Data Protection Policy
- Policies can be accessed at <https://www.vividhomes.co.uk/about-us/governance/policies-and-strategies>

#### 7. Monitor and review process

- 7.1 We will provide support and advice should it be requested regarding the option to purchase, but the tenancy will be managed in the usual way during the 5-year term.
- 7.2 This policy will be approved by the Executive and reviewed annually.

Author	Owner	Date approved	Review date
Alex Nagle – Customer Services Director	Alex Nagle – Customer Services Director	July 2023	July 2024