



# Ongo Homes

## Rent to Buy Policy

December 2020

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<u>Version No.</u>	<u>Purpose/Changes</u>	<u>Approval Date</u>	<u>Approved By</u>	<u>Suggested Review Date</u>
2.0	Change of ownership	09/12/2020	Executive Leadership Team	December 2023
1.0	New Policy	January 2020	HoST	January 2023

### Contents

		<b>Page</b>
1.	Our policy is...	2
2.	It applies to...	2
3.	Because we want to...	2
4.	We will...	2
5.	Making sure we do what we say...	3
6.	Other things to bear in mind...	3
7.	We'll look at this again...	4
8.	What we mean...	4

## **1. Our policy is...**

- 1.1 To deliver the Rent to Buy Scheme in line with the Homes England Capital Funding Guide (CFG) and the Shared Ownership and Affordable Homes Prospectus (SOAHP) and to make clear our approach to the Rent to Buy Scheme.
- 1.2 The Rent to Buy Scheme allows first time buyers in working households to rent a home at an Intermediate Rent (80% of market rent), allowing them the opportunity to save for the deposit to purchase their first home 5 years from the tenancy start date.

## **2. It applies to...**

- 2.1 This policy applies to Ongo Homes and Rent to Buy customers.

## **3. Because we want to...**

- 3.1 Give more people the opportunity to become homeowners especially those who would possibly not be in a position to buy on the open market.
- 3.2 Ensure all applications are processed fairly, consistently, accurately and within committed timescales.

## **4. We will...**

- 4.1 In order to qualify, applicants must satisfy the following criteria:
  - Applicants must be at least 18 years old;
  - Rent to Buy Tenants must be working households and intending to buy their own home in the future at the time of letting;
  - Tenants must be first-time-buyers or those returning to the market following a relationship breakdown;
  - Applicants must pass our pre-tenancy assessment, which will include Right to Rent, credit checks, affordability and previous tenancy checks.
- 4.2 Applications will only be processed when fully completed and supported with all the relevant documentation. Applications will be considered on a first-come, first-served basis.
- 4.3 Applications will always be processed and assessed fairly, consistently and accurately and we will not refuse applications without valid justification.
- 4.4 Rent to Buy tenancies will be granted on a series of one year fixed term tenancies over a period of 5 years with annual reviews. After 5 years, we will decide whether to sell the property (to the tenant who has right of first refusal), or convert the

property to Shared Ownership, Market Rent or another form of Affordable Rent, or whether to continue offering the property as Rent to Buy.

- 4.5 Rent to Buy Properties will be let at an intermediate rent which will not exceed 80% of the current market rent for a minimum of five years in line with our Rent and Service Charge Setting Policy. During this time it is expected that the tenants will save for a deposit to enable them to purchase their home.
- 4.6 Rent changes will normally be applied annually at the renewal date for the fixed term tenancy.
- 4.7 If a sole tenant wishes to add a joint tenant during the fixed term, this will only be done following an order made by the court. This would be done as a Deed of Assignment. Otherwise, this will be considered at the annual review and will be subject to the new joint tenant satisfying the required checks.
- 4.8 Rent to Buy properties will be sold at market value and the value will be that at the time when the sale process commences. Any money generated from the sale will be reinvested back into new developments.
- 4.9 The Preserved or Voluntary Right to Buy and Right to Acquire do not apply to Rent to Buy properties.
- 4.10 From April 1<sup>st</sup> 2021, the right to Shared Ownership will not apply to Rent to Buy properties.
- 4.11 All tenancies will be managed in line with our Tenancy Management and Income Management policies.

## **5. Making sure we do what we say**

- 5.1 Ongo Homes will measure the number of Rent to Buy applications received and completions of sales after the initial letting period to determine the success and uptake of the scheme.
- 5.2 It is the Head of Customer Experience's responsibility to make sure this policy is implemented.
- 5.3 The Lettings Manager will make sure:
  - All staff are aware of this policy
  - All staff are trained relevant to their role
  - Customers are adequately informed of the policy and support is given where required to understand it

## **6. Other things to bear in mind**

6.1 This policy also links to our:

- Lettings Policy
- Tenure Policy
- Tenancy Management Policy
- Anti-Social Behaviour Policy
- Income Management Policy
- Rent & Service Charge Setting Policy
- Fixed-Term Tenancy Procedure

6.2 The main pieces of legislation and regulation relevant to this policy include:

- Housing Acts 1985, 1988, 1996, 2004
- Regulator for Social Housing – Regulating the Standards
- Homes England Capital Funding Guide (CFG)
- Shared Ownership and Affordable Homes Prospectus (SOAHP)

## **7. We'll look at this again...**

7.1 This policy will be reviewed every three years. We will review earlier if any regulatory or legislative changes occur that may have an impact on this policy.

## **8. What we mean...**

<b>Intermediate Rent</b>	Rents are set at no more than 80% of a market rent, which is between social and market rent level but not usually above the Local Housing Allowance.
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