

<b>Rent to Buy Policy</b>	
<b>Document Owner:</b> Director of Development	<b>Document No:</b> DR-PL-003
<b>Date Approved:</b> May 2022	<b>Review Date:</b> May 2025

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## 1.0 Introduction

- 1.1 The policy sets out Beyond Housing’s approach for the allocation, reservation, sale and management of rent to buy homes which is a new low-cost home ownership scheme for the business. This scheme allows working households to rent a home at an intermediate rent providing them the opportunity to save for a deposit over time to purchase their first home.
- 1.2 Beyond Housing will provide a comprehensive service that will meet all business requirements and related procedures.
- 1.3 Where rent to buy homes are being developed with funding from Homes England (HE) the requirements and procedures of the capital funding guide, relevant at grant approval stage, and funding conditions will be met. The regulator of social housing’s governance and viability standards will be met. Where rent to buy is not being developed with funding from HE the capital funding guidance regarding rent to buy will be used as a framework for our approach to rent to buy. Specific requirements applied by the local authority and through planning obligations will also be considered.

## 2.0 Policy objectives, key performance indicators (KPI) and reporting

- 2.1 This policy has been developed to outline how Beyond Housing will allocate and manage its rent to buy homes.
- 2.2 The policy sets out to:

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- Establish who is eligible to apply
  - How customer will apply and be assessed
  - What happens once a customer has been accepted
  - Operate fairly and transparently
  - Achieve value for money
  - Encourage sustainable home ownership, with tenants proceeding to purchase the rent to buy home either by purchasing outright at the end of the five-year term or by entering a shared ownership lease and encourage full staircasing to 100% ownership.
- 2.3 Performance of KPIs in relation to the rent to buy scheme will be reported to board and operational performance meetings.
- 2.4 Beyond Housing will provide a plain English summary of its tenancy agreements for any prospective rent to buy customers. Translations of the summary in other languages will be available on request.

### 3.1 Definitions

3.2 For the purpose of this policy please refer to the following definitions:

**Rent to buy tenant** - A person who has been granted a tenancy including an option to purchase the property after the initial 5 year letting period

**Landlord** - Beyond Housing

**Intermediate rent** - A value above social rent but below market levels not exceeding 80% of the current market rent (inclusive of service charges)

**Affordable rent** – a value of 80% of the current market rent (inclusive of service charges)

**Initial rent** the rent charged upon commencement of the first tenancy

### 4.0 Legislative, regulatory and strategic alignment

4.1 A strategic objective of Beyond Housing is to ‘build new homes and maintain our existing homes to a high standard which we deliver by building new home of different tenures meeting a range of needs’. To contribute to this we will endeavour to include a number of rent to buy homes within any new development.

- All tenancies will be managed in line with the tenancy agreement, relevant policies and procedures

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- Voluntary right to buy and the right to shared ownership are not applicable for homes developed under rent to buy.
- 4.2 Applications from employees/board directors of Beyond Housing or their immediate family will be accepted provided they meet the eligibility criteria detailed above. However, prior to any application for the rent to buy scheme being accepted, approval will be sought in accordance with relevant sections of the probity policy.
- 4.3 As a registered provider with the regulator of social housing, Beyond Housing is able to own and/or manage rent to buy homes.

## 5.0 Policy delivery

- 5.1 Beyond Housing will adopt the following criteria for confirming customer eligibility:
- Customers will be considered on a first come first served basis
  - Applications will be processed and assessed fairly, consistently and accurately and we will not refuse applications without valid justification
  - Beyond Housing will take a reservation fee which will be deducted from the price of the home when the customer proceeds to purchase. Beyond Housing reserve the right to refund the reservation fee, in the event of a customer not progressing, dependant on individual circumstances
  - Tenancies will include the option to allow the tenant to purchase the property after the initial 5 year letting period
  - HE permits initial rents to be set on an intermediate basis, which includes affordable rents. Beyond Housing will charge initial rents at an affordable rent level
  - A tenant could also purchase the property within the five years rental period at the discretion of Beyond Housing, a purchase under shared ownership is also permitted subject to meeting eligibility
  - During the initial five-year period Beyond Housing will review the financial status of the tenant to ensure rent to buy remains suitable for their needs
  - After the initial five-year letting period, Beyond Housing will offer to sell the home on an outright basis with the tenant being given the right of first refusal
  - Where the tenant does not exercise their option to buy outright, Beyond Housing may sell the property on a shared ownership basis, continue offering the home as rent to buy, or retain and convert the home as rented housing on either an affordable or market rent basis. Development will consult with communities to

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agree the appropriate affordable option based on individual customers circumstances. Conversion to market rent, will be considered by exception and will be subject to further approval. The customer will be managed in accordance with relevant policies

- Rent to buy homes will be sold at current market value and there will be no additional affordability assessment over that which may be required by a mortgage lender.

5.2 Potential customers will be asked to complete a rent to buy application form. The form will be obtainable in a number of formats including by post, email and from the web site. Translations into a number of languages will be made available on request.

5.3 All applications received will be assessed against the company's standard qualifying criteria. Those falling outside these criteria will be advised in writing within 14 days of receipt of the application.

In order to qualify, potential customers must satisfy the following criteria:

- must be at least 18 years old
- be working households and intending to buy their own home in the future at the time of letting
- must be first time buyers or returning to home ownership following a relationship breakdown
- will be financially assessed by an independent financial advisor to ensure they meet eligibility criteria
- acceptable references received from previous landlord
- there are no local or other prioritisation criteria to be applied to the rent to buy product other than on rural exception sites.

## 6.0 Responsibilities

6.2 The director of development will be responsible for ensuring that this policy is implemented and that any procedures relating to it are drawn up and applied with contributions from the director of customer services appropriate to relevant sections of the policy. The policy author is the development manager – sales & performance.

6.3 Beyond Housing will ensure that relevant staff are trained to understand our policies and procedures relating to rent to buy. All other employees have a responsibility to ensure that their work is carried out in line with this policy and related procedures.

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- 6.4 Beyond Housing will fully engage with rent to buy tenants to ensure that they are consulted on any change to policy and practice that will affect the management of their homes.
- 6.5 Beyond Housing will make available to customers enquiring about rent to buy full and factual information.
- 6.6 Once a tenant proceeds to purchase under rent to buy, the landlord safety checks and all repairs become the responsibility of the purchaser.
- 6.7 Rent to buy homes being purchased on a shared ownership basis after 1 April 2021 will be sold on the new model of shared ownership which includes a 10-year period when the costs of essential repairs will be met by Beyond Housing.

## 7.0 Controls and reporting

First line control	Responsible (Job role)	Reported to:
Gateway 1 approval – new business/concept opportunities	New business manager (with Development manager sign off)	Development appraisal group (DAG)
Gateway 2 approval – feasibility stage Includes; strategic and business plan compliance financial hurdle rates compliance policy compliance rent setting and property categorisation compliance	Project Managers (with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee
Gateway 3 approval – land banking	Project Managers(with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee

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Gateway 4 - contract	Project Managers (with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee
Gateway 5 – committed programme monitoring (KPI's)	Development manager with development director sign off)	Development committee. KPI's to senior leadership team operational meetings
<b>Committed programme - Rent setting</b>		
Rents sent to finance for checking and approval before being entered onto Housing Management System	Development Support Manager/Head of Finance	Proposed rents are checked and approved by Finance team
Report from sequel to monitor valuation dates to ensure these are valid and updated promptly when required	Standard system report	Development Support Manager
Report from Sequel to validate rents entered into the system	Standard system report	Development Support Manager
<b>Committed programme - Financial control</b>		
Monthly income and expenditure monitored and reforecast from board approved level to actuals	Finance – capital accountant	Development Director
Gateway 6 – post scheme evaluation	Project Managers (with Development manager sign off)	Development appraisal group and customer voice annually to development committee.

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## 8.0 Consultation

- 8.1 Beyond Housing will consult with the tenant panel and other appropriate tenant groups in the implementation of this policy. The tenant panel may also have rent to buy tenants as its members.

## 9.0 Approval

<b>Approval and revision Criteria</b>	<b>Information</b>
Document written by:	Director of Development
Document approved by:	Development Committee
Version No.	1

<b>Version no.</b>	<b>Revision date</b>	<b>Reason for revision</b>
1		New policy for Beyond Housing