



# Rent to Buy Policy

<b>Document Control</b>	
Document Title	Rent to Buy Policy
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Version	V2.1
Release Date	Oct 2023
Next Review Date	Oct 2026
Document Type	Policy
Approved By	Executive Team

## 1. POLICY SUMMARY

- 1.1 The purpose of Rent to Buy is to help aspiring homeowners access to below-market-rented housing with the intention of purchasing their home after five years. The five-year period of tenancy is aimed at helping tenants to save for a deposit.
- 1.2 The aim of the policy is to:
  - promote owner–occupation by enabling tenants to purchase their own home on completion of five years’ tenancy; and
  - provide homes at 80% of the market rent enabling tenants to use the discount towards saving for a deposit.

## 2. APPLICABILITY

- 2.1 The policy applies to applicants wishing to purchase properties under the Rent to Buy scheme, staff and anyone acting on behalf of the Landlord.
- 2.2 This policy applies to all Rent-to-Buy properties or similar products that provide an opportunity for customers to rent a home at a below-market rent for a period, while they save towards a deposit which will allow them to purchase that home under shared-ownership conditions or outright.

## 3. INTRODUCTION

- 3.1. EPIC owns a number of 2 and 3-bedroomed houses in the Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands areas purchased with the intention of promoting and encouraging low-cost home ownership in the area.
- 3.2. All properties are expected to achieve a gross growth yield of at least 5% per year and be located within areas which have a positive track record of house-price growth.

## 4. CONTEXT

Customers applying for Rent to Buy must fit the following criteria:

- 4.1. Applicants must be in employment and have a household income sufficient to make rental payments and save for a satisfactory deposit over the five-year tenancy period, to support a mortgage application to facilitate the outright purchase following the five-year tenancy period.
- 4.2. Applicants should be first-time buyers or returning to the market following a relationship breakdown (and would need to prove they have no legal interest in any properties).
- 4.3. Applicants must not meet any of our published exclusions criteria; however, the exclusions relating to income and savings levels will not apply to Rent-to-Buy applicants.
- 4.4. Applicants will be required to pass a credit check.
- 4.5. Applicants’ date of eligibility will be upon receipt of all relevant information. Applicants will not be eligible to express interests in properties or view properties until they have provided this information.

- 4.6. Applicants should not be able to buy on the open market when applying for Rent to Buy.
- 4.7. Applicants should demonstrate a real commitment to become homeowners.

## 5. RESPONSIBILITIES

- 5.1 The roles and responsibilities for key stakeholders across EPIC are detailed below:
  - **The Executive Team** – to ensure compliance with relevant legislation and any grant funding requirements.
  - **The Housing Manager** – to review the policy as required and to ensure that the policy is adhered to by Housing Officers.
  - **Staff** – to ensure that the processing of applications and awarding of tenancies is carried out in line with the policy.
  - **Tenants** – to commit to purchase the property at any time during or at the end of the fixed-term tenancy, during which time the tenant will be expected to adhere to the terms and conditions of their tenancy agreement.

## 6. DATA VALIDATION, REVIEW AND MONITORING

- 6.1. Tenancies created under Rent to Buy will initially be an Assured Shorthold fixed-term tenancy of 18 months.
- 6.2. The course of the tenancy will be carefully monitored and managed and tenants are required to demonstrate their ongoing commitment to owner-occupation.
- 6.3. The future of the tenancy will be reviewed three months before the expiration of the initial fixed-term tenancy to establish whether the tenancy should continue.
- 6.4. If progress towards owner-occupation is insufficient, the future of the tenancy should be reviewed, and a course of action recommended.
- 6.5. Tenants must obtain a confirmed mortgage offer within 6 months of the end of the five-year tenancy period. An Agreement in Principle (AIP) from a mortgage lender is required.
- 6.6. A valuation by a RICS Chartered Surveyor will be required. We will arrange for the valuation to be undertaken on your behalf and you will be responsible for the cost. The valuation will confirm the current open-market valuation of the property.
- 6.7. Houses will be sold on a freehold basis; if your property is an apartment, the property will be sold on a leasehold basis and a lease will be granted.
- 6.8. Tenants are free to make an outright offer at any time during the five-year period.
- 6.9. During the five-year period, we will contact tenants on at least an annual basis to review their financial status and check that Rent to Buy is still suitable for their needs.
- 6.10. Tenants who decide not to purchase the property or are unable to purchase the property due to current circumstances, will need to inform us six months before the end of the five-year term. In the event of this we can:

- choose to serve notice to end the tenancy to allow adequate time to secure alternative housing before the end of the tenancy term; or
- offer assured tenancy.

6.11 Breaches of tenancy will be dealt with in accordance with our tenancy management policies and practices.

6.12. Rent-to-Buy tenants are not eligible to apply for:

- Right to Buy
- Right to Acquire
- Voluntary Right to Buy

## 7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 We are committed to ensuring and promoting equality of opportunity for all. We are opposed to discrimination on any grounds, including race, religion, gender, marital status, sexual orientation, disability, age, or any unjustifiable criteria. We are committed to developing a culture that values people from all sections of society and the contribution which everyone can make. We will ensure our approach to accessing properties is considerate to people's individual needs. We also adhere to the Equality Act 2010.

7.2 EPIC Housing recognises that some people experience disadvantage due to their socio-economic circumstances and will strive to ensure no person or groups of persons is treated with injustice due to their personal circumstances. EPIC will also ensure that all services and actions are delivered within the context of current Human Rights legislation and will make sure the central principles of the Human Rights Act (1998) will be adhered to.

## 8. MONITORING / REVIEW

8.1 The Rent-to-Buy scheme in terms of its operation and strategic performance should be reviewed at the start of each new financial year and a report submitted to the Executive Committee.

8.2 This policy will be reviewed every 3 years. A review may be conducted earlier if there are significant changes to either legislation or EPIC's operating practices.

## 9. ASSOCIATED DOCUMENTS & LEGAL FRAMEWORK

- Tenancy Management Policy
- Allocations Policy
- Rent Setting & Service Charge Policy
- Homes England Capital Funding Guide
- Consumer Protection and Unfair Trading Regulations
- Repairs Policy

## Version Control

Date of Review	Reviewer	Version Number	Changes	Date of Next Review	Approved By
July 2023	C Gleghorn	V02	Full review	October 2023	Executive
October 2023	C Gleghorn	V2.1	Minor changes	October 2026	