

1. Background and objectives

- 1.1. The aim of this policy is to define how Alliance Homes will allocate properties and manage tenancies to qualifying applicants in accordance with the provisions of the Rent to Buy scheme as directed by Homes England and aims to accommodate any requirements which may be placed on the allocation process by local authority partners, our funders, and the Regulator for Social Housing (RSH).
- 1.2. This policy outlines Alliance Homes' approach to allocate properties in a fair and transparent way and our commitment to provide a range of housing products that meet the needs of our existing customers and people in local communities who have an aspiration to buy their own home for the first time but cannot afford to in their current circumstances. Rent to Buy is a scheme which allows working households to rent a home at a submarket rent (80% of the market rent value) for a period of up to 5 years, while they save towards a deposit, which will allow them to purchase their home under shared ownership conditions or outright.
- 1.3. To establish an allocation process that is non-discriminatory and responsive to demand while contributing to the need to be inclusive and ensure sustainable communities.
- 1.4. To establish an efficient, transparent, fair and effectively controlled basis for acceptance and processing of applications for low-cost home ownership which prioritises applications on a first come first served basis in accordance with both nomination and local connection agreements made with the local authority and applicants who meet affordability criteria.

2. Policy Detail

Compliance

- 2.1. The policy has regard to our status as a registered society with charitable status, regulated by the Regulator of Social Housing (RSH). We consider the guidance on the housing need and affordability of customers for our homes as set out in the Homes England Capital Funding Guide.

For more information about this follow this link:

<https://www.gov.uk/guidance/capital-funding-guide/2-rent-to-buy>

- 2.2. Our regulatory obligations are to ensure that the Rent to Buy product is allocated in line with capital funding guidance, overseen by Homes England.

or further information then click on below link:

<https://www.gov.uk/government/organisations/homes-england>

- 2.3. Alliance Homes Group will also comply with any planning conditions listed within a Section 106 agreement.

Advertising and Eligibility Criteria

- 2.4. For applicants to qualify for Rent to Buy Alliance Homes Group must undertake eligibility checks in line with current regulation, planning restriction and Homes England guidance.
- 2.5. Properties that are let under the rent to buy arrangements are not within the nomination rights of local authorities, in the areas in which Alliance Homes Group operates. They are not subject to the 'reasonable preference categories' of housing need and it will not be necessary for applicants to have registered through choice-based lettings schemes or similar shared allocation arrangements.

Alliance Homes Group may, however market via:

- Direct forms of marketing on development sites (via billboards and in sales offices)
 - Use of internet-based property lettings companies
 - Alliance Homes' website
 - Open day viewings
 - Social media
- 2.6. Applicants for rent to buy properties will need to complete a specific application form, so that Alliance Homes can verify eligibility details. The eligibility criteria will include the following:

Applicants must be:

- At least 18 years of age
 - In employment and have a household income of £80,000 a year or less
 - A first-time buyer, or
 - An individual who may have previously been a homeowner but has experienced a relationship breakdown and can demonstrate that they have no legal claim to this property
 - Able to provide proof of income (both lead and joint applicants) in order that affordability and credit checks can be undertaken
- 2.7. Applicants will not be expected to have financial capacity to be able to afford a mortgage deposit on the open market or purchase outright at the point of application.
- 2.8. Applicants must not be excluded for any reason from local housing registers e.g., for former arrears above specified levels (usually 8 weeks) with no arrangement to pay, serious anti-social behaviour or unspent criminal convictions.
- 2.9. Applicants and household members would have sufficient leave to remain in the U.K. and

are eligible to rent properties.

- 2.10. The total household composition must not exceed the available bedrooms and lead to statutory overcrowding that would require enforcement or intervention action from local authorities. Where there is more than one party interested in a rent to buy property, preference may be given to a household that would not breach overcrowding definitions. Similarly, Alliance Homes may consider under-occupation in Rent to Buy properties where there are no other interested parties but will give preference to households that more closely match the property size to make best use of resources.
- 2.11. Colleagues of Alliance Homes Group are eligible to apply for a Rent to Buy home as long as they meet all other eligibility criteria.

Tenancy Deposits and Advance Rent Payments

- 2.12. Applicants who wish to access the Rent to Buy option are required to pay before signing-up for the property a deposit equivalent to one month's rent and the first month's rent in advance (depending on when the tenancy commences, they may also have to pay rent due until the end of the month until a direct debit has been set up).
- 2.13. Alliance Homes are registered with a government approved Deposit Protection Scheme which ensures the tenant's deposit is held securely and independently for the duration of the tenancy.
The tenant will be advised of this information within 30 days of receipt.
- 2.14. On termination of the tenancy, the deposit is repayable to the outgoing tenant, within the deposit scheme rules and regulations, less any costs owed to Alliance Homes in respect of:
- Rent owed (inclusive of service charges)
 - Damages to the property or other rechargeable items
 - Costs of any enforcement actions by Alliance Homes e.g. court applications

Allocation Criteria

- 2.15. Alliance Homes will allocate property based on the priority groups for Rent to Buy as listed in the capital funding guidance. That is working households intending to buy their own home in the future at time of letting.
- 2.16. Alliance Homes will hold a register of all eligible applicants and will advise them of any additional Rent to Buy opportunities on Alliance Homes sites that may become available in future, trying where possible to meet their property type preferences and areas of choice.

Affordability

- 2.17. Applicants for a Rent to Buy property will be expected to have a minimum annual gross income of 30 times the monthly rental charge.

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- 2.18. Applicants will undergo an individual affordability check that takes in to account current income and outgoings and includes the capacity to save a regular amount towards the deposit required at the end of the term.
- 2.19. Applicants who do not demonstrate they can afford the rental and savings element will not be offered the opportunity to acquire a property under the scheme.

Tenancies and Options Agreement

- 2.20. Alliance Homes Rent to Buy properties will be let as 'Fixed Term Assured-Shorthold Tenancies', which will be reviewed annually.
- 2.21. Applicants will be required to enter 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. Customers will be required to meet with Money Advice Support staff annually to check budgets are affordable or can request a review at any point, especially if their financial circumstances alter significantly.
- 2.22. During this period, rent to buy tenants will be expected to save sufficient amounts towards a deposit to be able to access mortgage finance from private lenders (typically 10% of the purchase price on the open market).
- 2.23. At any point between year 2 and 5, if the customer can and would like to purchase the property outright, a market valuation will be sought, and the purchase price agreed.
- 2.24. Mutual Exchange is not permitted for Rent to Buy homes in that the homes are let on eligibility requirements which might otherwise be circumvented through mutual exchange.

Alliance Homes Options Appraisals

- 2.25. Six months before the end of the five-year letting period, provided there has been no breach of tenancy condition requiring enforcement action or a purchase has not been authorised, Alliance Homes will conduct an 'options appraisal' as to the future management of the property in line with:
 - The overall Alliance Homes lettings and property management strategies
 - The need to make best use of resources and prevailing market conditions
 - The best financial option available to Alliance Homes to maintain viability
 - The individual circumstances of the rent to buy tenants
 - The grant funding conditions of Homes England
- 2.26. In most circumstances it will be expected that Rent to Buy tenants will be in a position to obtain mortgage finance or otherwise be able to purchase the property outright at this stage.
- 2.27. If for any reason this is not possible the 'options appraisal' will decide on a case-by-case basis the best option for continued management of the property and could include:

- A decision to bring the tenancy to an end, discussing with the tenants housing options and assisting them to join appropriate waiting lists
- A continuation of the rent to buy arrangement extending the assured shorthold tenancy for an additional 6 months and subject to future review
- Conversion to a shared ownership product whereby the tenant purchases a percentage of the property and pays rent on the remainder with the option to purchase an increased percentage over time, with outright purchase the eventual aim. This option would be available at any stage during the tenancy and is not restricted to the final six months of the initial five-year letting period.

2.28. Each case in the options appraisal will be reviewed on its merits, however, for consistency in decision making the following factors will be taken into consideration:

- The conduct of the tenancy (with any tenancy breaches e.g., rent arrears, damage to property or anti-social behaviour, likely to influence a decision to bring the tenancy to an end).
- The financial circumstances of the rent to buy tenants including such factors as:
 - Sufficient progress in saving towards a deposit – with extensions of rent to buy arrangements granted where progress has been made but tenants fall short of levels required to secure a mortgage
 - Having adequate financial capacity to obtain a deposit / mortgage finance / or outright purchasing power but not wishing to purchase the rent to buy property (which is likely to lead to Alliance Homes bringing the tenancy to an end and reletting to new applicants that meet the eligibility criteria in operation at that time)

Information

2.29. All personal and sensitive information supplied to Alliance Homes, however received, is treated as confidential in line with GDPR. This includes anything of a personal nature that is not a matter of public record about a resident, client, or applicant. We are obliged to adhere to the Money Laundering Regulations 2017 to ensure that all personal information submitted to us is stored safely and securely for up to 5 years post sale completion.

2.30. We have a duty to keep information secure and confidential and held only for as long as necessary for the purpose it is intended for. Alliance Homes reserves the right to contact third parties to request information for the purposes of assessing eligibility of applicants.

2.31. Alliance Homes will ensure that they only involve other agencies and share information with the consent of the applicant concerned, unless:

- To help prevent fraud or if required to do so by law, to comply with this legislation, we must safely and securely store information on file for up to 5 years post sale completion.
- The information is necessary for the protection of children and or vulnerable adults.
- Alliance Homes Group will ensure that all data regarding sales details are logged with the Department of communities and Local Government CORE system, which is linked below:

<https://core.communities.gov.uk/>

- 2.32. For further information on how an applicant's information is used, how we maintain the security of information, and rights to access information we hold, is included on the Alliance Homes Data Protection Policy.

3. Monitoring, consultation, and review

Quarterly monitoring reports will be compiled on the performance against agreed targets and indicators for operational management purposes which are:

- Tracking rent payments and arrears
- Annual reviews to indicate how many customers are progressing towards the intended goal of a deposit
- The number of customers converting to Shared Ownership during the five-year period
- The number of tenancies ending prematurely and the reasons for that outcome

Customers will be involved in monitoring our performance and reviewing the policy. Further details about how this will be achieved are set out in separate tenant and leaseholder involvement agreements.

The Tenancy Services Manager is responsible for the implementation of this policy. This policy will be reviewed within two years of its approval by Tenancy Services Manager and will be approved by our Executive Team.

4. Equality and Diversity

This policy is subject to a periodic Equality Impact Assessment (EIA).

The purpose of such an assessment is to consider the effect of the policy regarding the recognised protected characteristics of equality and ensure that it does not unfairly impact any individual or group. The protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity or other grounds set out in our Equality and Diversity Strategy and Single Equality Scheme. Remedial action will be undertaken if a detrimental effect is identified.

The EIA also requires the policy author to consider whether the policy is likely to negatively impact on a person's Human Rights.

This policy and any other related Alliance Homes publications can be provided in other formats for those with visual, literacy or language difficulties.

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5. Associated documents

- Lettings Policy
- Shared Ownership Policy
- Counter Fraud, Corruption and Bribery Policy
- Data Protection Policy

6. Version control and approval dates

Approval stage	Date completed
Equality Impact Assessment completed	10 th October 2023
EIA reviewed by Equality & Diversity Manager	16 th October 2023
SLT review / approval	18 th December 2023
Board or Committee approval	N/A
Next review date	31 st December 2025

7. Appendices

Appendix 1

Equality Impact Assessment

An Equalities Impact Assessment must be conducted alongside the review of an existing policy or the creation of a new one.

1. Name the Strategy, Policy, Procedure or Function (SPPF) being assessed and name of author.

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2. Aims of the SPPF being assessed.

- *Whose need is it designed to meet?*
- *Are there any measurable elements such as time limits or age limits?*

For individuals who are unable to have their housing needs met on the open market

3. Who has been consulted in developing the SPPF?

- *Make reference or links to consultation/evidence documents*

Internal staff within Housing Management, Shared Ownership and Development teams

4. Does the SPPF promote equality of opportunity?

Yes

5. Identify potential impact on each of the diversity “groups” by considering the following questions (the list is not exhaustive but an indication of the sort of questions assessors should think about):

- *Might some groups find it harder to access the service?*
- *Do some groups have particular needs that are not well met by the current SPPF?*
- *What evidence do you have for your judgement (e.g. monitoring data, information from consultation/research/feedback)?*
- *Have staff/residents raised concerns/complaints?*
- *Is there local or national research to suggest there could be a problem?*

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Protected Characteristic	No impact	Negative impact	Positive impact	Information source/s **	Comments/evidence
Race	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Disability			X		Most Rent to Buy properties have been designed for wheelchair access as part of the 106 requirements.
Gender	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Transgender	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Sexual orientation	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Religion or belief	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Age	X				Need to be over the age of 18 to access Rent to Buy product.
Marriage & Civil Partnership	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Pregnancy and Maternity	X				Allocation procedures are non-discriminatory, fair, and equitable. Allocation is based on a first come first served basis.
Rural issue	X				No evidence
Social mobility			X		Rent to Buy offers first time buyers who cannot afford to buy or rent suitable accommodation on the open market an opportunity to own their home.

Was there a negative impact identified in question 5? If yes go to question 6. if not go to question 7.

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6. If “negative impact” identified in table (4) above is it?

Legal -

What is the level of impact? -

YES	NO
HIGH	LOW

If it is not legal and/or high impact – (i.e.: if you have highlighted NO to legal and HIGH to impact, then the document should be referred to Head of HR)

7. If positive impact has been identified in table 4 above, how can it be improved upon or maximised, either in this SPPF or others?

Provide more properties that can be accessed through Rent to Buy in various locations

8. Full EIA (or if you decide full EIA is not necessary but some changes should be considered)

- Are there changes you could introduce which would make this SPPF work better for this group of people?
- Is further research or consultation required?

9. Does this proposal have any potential Human Rights implications?

If yes, please describe (if necessary, please refer to the Alliance Homes Group Human Rights Policy)

There are no Human Rights implications.