



# A Guide to Rent to Buy



**Rent to Buy is a government backed initiative that allows eligible working people to rent a home at less than market rent while they save for a deposit to buy.**

## Who is eligible?

To be eligible for Rent to Buy you must:



Be in employment



Prove you'll be able to afford the rent payments



Complete our application form



Have the Right to Rent a home in the UK



Provide supporting information



Be able to pay a deposit and an agreed amount of rent up front



Satisfy any landlord reference or credit checks



Be a first-time buyer or returning to the market (e.g. after a relationship breakdown)

Reasons why you may not be eligible:



Not in employment or contracted to zero hours



You are in a position to buy a home



You require housing benefit



The property will be overcrowded



You have legal interest in another property



The property won't be your main home, or you intend to sub-let



You earn more than £80,000 annually



You're in rent arrears or breach of your existing tenancy

## What are the benefits of Rent to Buy?



### Lower Rent

Tenants pay 20% less than market rent (including any service charges), making saving easier



### New home

You get the benefit of a new or recently built home



### Responsible regulated landlord

You have a professional landlord who is regulated by the government



### Security

If we decide to sell the property, the Rent to Buy tenant will be given the first option to buy



### No rent-rise shocks

Your rent only will rise by inflation +1% a year, so no unexpected increases



### Full landlord repairing obligation

The landlord is responsible for all repairs in the property, other than those caused by tenant damage.

## The tenancy agreement

When you become a Rent to Buy tenant you sign a **tenancy agreement**.

The tenancy agreement is a legal document that sets out what are our landlord responsibilities and what your responsibilities as the tenant are.

The tenancy agreement we use for Rent to Buy is an Assured Shorthold Tenancy agreement and different to the tenancy agreements we use for our social rent or Affordable Rent homes.

The tenancy agreement is a very important document and you should familiarise yourself with it. You may wish to obtain legal advice before signing.

By signing the tenancy agreement, you are only committing to rent the property in accordance with the tenancy terms. You are **not** committing to buy the property and we are **not** committing to sell.

## Remember

If you fail to pay your rent or meet the requirements of the tenancy agreement, then you may lose your home.



## How long is the tenancy agreement?

Typically, a tenancy agreement with us under the Rent to Buy initiative will be 6 or 12 months. This doesn't mean you have to move after 6 or 12 months. If you pay your rent, meet the terms of your tenancy agreement and want to stay living in the property, it is likely that we will allow your tenancy to continue.

## Rent payments and increases

The rent amount is detailed in the Tenancy Agreement.

The rent is calculated at 80% of the market rent for your property. This rent figure includes any service charges.

You're expected to pay your rent monthly, via Direct Debit.

Your rent will increase each year in line with the Consumer Price Index (CPI) +1 %.

If you don't keep up rent payments, then you may lose your home. We will also not sell to you if you are in rent arrears. Remember if you're struggling to make rent payments, let us know.

## Can I sub-let?

No! Rent to Buy homes are strictly for the named tenant(s) and any permitted occupants. No subletting is permitted.

## Repairs and maintenance

As a tenant you're expected to look after your home, but you can report repairs to us as your landlord online or over the phone. Different repairs will be dealt with in different timescales depending on seriousness and urgency. Details of our repair timescales are included within the repairs policy.

Within the first year after the property was built we will seek to arrange for the builder to attend to any problems relating to the construction or builder's work.

Our Rent to Buy homes will also benefit from a new home warranty that covers any major problems. The warranty will normally last a minimum of ten years after the property was built.

Any damage caused to the property or any shared areas, by either your household or your visitors, will be recharged at the time or be taken from your deposit in accordance with the Deposit Protection Scheme conditions. This will also be the case if you purchase.

If you go on to buy the property, including when purchasing through Shared Ownership, then you will be responsible for the repair and maintenance of the property fully as the owner. If you become an owner of an apartment or house that benefits from shared areas on the development, you may also be required to contribute to any service charges and contributions to reserve funds. We will provide details of these prior to any purchase.

**The Home User Guide:** Please familiarise yourself with the Home User Guide. This contains lots of information about getting the best out of the property, warranties and contact information.

## When can I buy?

We can't sell the property in the first five-years since it was built, unless it is on a Shared Ownership basis. This is a condition of the funding we've received from the government.

5-years after the property was built, the Rent to Buy tenant can approach us about purchasing or if we decide to sell, the Rent to Buy tenant will be given the first option to buy.

## How much is it to buy?

The price of a Rent to Buy property will be based on the market value at that point in time.

To buy you'll need to be able to have saved a sufficient cash deposit and fees for solicitors, along with having access to a sufficient mortgage.

## Who saves for the deposit to buy?

The low rent we charge is intended to provide an opportunity for tenants to save for a deposit.

We **do not** put aside any of rent that a tenant has been paid to be used towards a deposit for purchasing. The amount you choose to save for a deposit is entirely your decision and responsibility.

## Are there times when you may not sell to a Rent to Buy tenant?

There are some situations when the tenant may wish to buy the home they rent, but we may not be able to sell. These include:

- During the first 5-years after the property was built;
- If the tenant is in rent arrears or otherwise in breach of the tenancy agreement, for instance due to anti-social behaviour
- If at the time of the request, the value of the property is worth significantly less than it has cost to develop

If we're unable to sell the property, we'll discuss any other opportunities we may have for home ownership elsewhere.

## Can I buy through Shared Ownership?

In some circumstances we may be able to offer Shared Ownership. We have no obligation to offer Shared Ownership and can't guarantee that this will be an option available on all Rent to Buy homes.

Shared Ownership will only ever be made available to people who satisfy the eligibility criteria for Shared Ownership.

If we can't offer a Shared Ownership option to a Rent to Buy tenant to purchase the home they're renting, we may have other Shared Ownership homes elsewhere we can explore.

If we are able to offer Shared Ownership, then the price will be based on the market value of the property applied to the percentage share being purchased. A subsidised rent will also be payable, along with any service charges, which we will advise of.

## Will I have the Right to Buy?

No; the government Right to Buy scheme, that some social housing tenants benefit from, cannot be used to purchase Rent to Buy homes.

If you have the Right to Buy and take out a tenancy of a Rent to Buy home, you will be giving up the Right to Buy and any discount you may previously have benefited from.

If you are a housing association or council tenant and want to find out if you have the Right to Buy before applying for Rent to Buy, please contact your landlord.

## What happens if after five-years of renting, I still can't buy?



If you can't buy after renting and it is five years after the property was built, we'll explore different options for you. If you've paid your rent and conducted your tenancy in the right way, it is likely we will allow your tenancy to continue. Depending on the situation at the time we may also explore other tenure options with you.

### Remember




**If you don't keep up rent payments, then you may lose your home.**



**IN ORDER TO APPLY YOU WILL NEED TO:**

- 1** Complete an application 
- 2** Initial affordability assessment 

**ONCE AFFORDABILITY IS PASSED WE WILL REQUIRE THE FOLLOWING DOCUMENTATION:**

- 1** Proof of ID (Passport/Driving License) 
- 2** 3 monthly Pay slips (6 weeks if paid weekly or 2 years audited accounts if self-employed) 
- 3** Proof of Residence 
- 4** Bank Statements for all Bank Accounts (3 Monthly) 