

Rent to Buy Policy

1. What this policy is about

- 1.1 Through Rent to Buy we aim to increase the opportunities and support available to households who aspire to home ownership. Our Rent to Buy tenure enables eligible customers to rent an eligible property at an intermediate rent (80% of market rent) whilst saving for their deposit. This will enable the customer to eventually purchase the property on a shared ownership or outright sale basis.
- 1.2 This policy sets out how we allocate and manage Rent to Buy tenancies. We are required to do this in line with Homes England Capital Funding Guidance.

2. Our approach

- 2.1 Customers who are eligible for Rent to Buy:

Applicants must be working households (including single people) who, at the time of letting, eventually intend to buy their home.	Applicants must have the Right to Rent in the UK in accordance with UK Home Office Guidance
Applicants must be first time buyers or those returning to the market following a relationship breakdown.	Applicants should not be able to afford to purchase a home outright on the open market
Applicants should not own any other residential property.	Applicants need to be at least 18 years old at the time of signing the tenancy agreement.

- 2.2 Eligible Rent To Buy homes will be properties which have been specifically built or acquired as a Rent To Buy tenure.
- 2.3 Rent to Buy Homes are not subject to local authority nominations, therefore we can market these homes on the open market. However, on occasion we may choose to work with local authorities to identify potential tenants. Homes will be let on a first come first serve basis subject to eligibility. If the homes are advertised on choice-based lettings or via the local authority, we will maintain authority to approve all tenants.
- 2.4 There is no maximum or minimum household income threshold applicable for Rent to Buy. Applicants, however, should be in a position that they are not able to afford to purchase a home outright on the open market primarily due to the lack of a sufficient deposit.
- 2.5 Eligible applicants must demonstrate they need the Rent to Buy option and can afford to sustain the rent whilst saving a deposit.

This policy applies from 28 July 2025
This policy applies to: Livv Housing Group, Livv Homes

- 2.6 We will allocate homes to eligible households at an Intermediate Rent (80% of market rent) for a minimum of 5 years. This period is defined as follows:
- 5 years from the date of build completion or acquisition.
 - Or if the property is re-let within the first 5 years, a subsequent 5 years for new households.

This will provide the tenant with the opportunity to save enough funds for a deposit in order to secure a mortgage to purchase the property.

- 2.7 RTB homes will be sold at market value and tenants wishing to purchase their home will need to obtain a conventional mortgage to do so. There is no additional affordability assessment necessary, over that of the mortgage lender required for Rent to Buy outright sale purchases. However, by way of good practice, we will aim to complete an affordability assessment should the customer look to purchase at this stage. Purchasing shared ownership will result in the eligibility and affordability criteria for shared ownership being assessed.
- 2.8 Five years after construction completion and tenant occupation, we have the option to sell the property outright or convert to another tenure, i.e. Affordable Rent, Shared Ownership, Market Rent or Open Market Sale. In all but exceptional circumstances the tenant will be given the first option to purchase the property.
- 2.9 Voluntary Right to Buy will not be applicable on Rent to Buy homes

Marketing and Advertising of Rent to Buy properties

- 2.10 The Group will advertise properties through a variety of different channels such as property portals e.g. Rightmove and Zoopla, use of local lettings agents or in partnership with local authorities.

Application checks and required documentation

- 2.11 Applicants are required to complete a Rent To Buy application form. We will carry out an affordability check and previous landlord reference check to determine their eligibility for the Rent to Buy scheme. This will require the following:
- Proof of income (three months' payslips)
 - Three months bank statements
 - Primary proof of identity (photographic)
 - Credit reference checks
 - Suitability & proof of current address
 - Current and previous tenancy history, including Landlord Reference
 - Household composition
 - Financial Circumstances – information on loans, credit cards, disposable income, saving etc. These must be below what applicants would need to rent or buy suitable accommodation on the open market but enough to enable them to save for a deposit to buy a home in the future.



Adverse Credit

- 2.12 In considering an applicant's ability to sustain the home, consideration will be given to whether the applicant has any adverse credit. The following principles will apply:
- No CCJ's or defaults that remain unsatisfied within the last 2 years unless communication defaults
 - No CCJ's or defaults within the last 2 years, satisfied or unsatisfied over £300
 - No unsatisfied CCJ's or defaults of more than £1000, registered at any time
 - IVA's or Bankruptcy discharged 3 years ago are acceptable, or registered over 6 years ago and satisfied, with no further issues
 - Debt management plans that have been repaid are acceptable
 - No mortgage or rent arrears in the last 12 months
 - Previous repossession over 3 years ago are acceptable, provided no outstanding debt to lender and no other credit issue in the last 3 years (requires letter from repo lender to confirm no outstanding debt).
- 2.13 If there are exceptional circumstances that explain the adverse credit and evidence can be provided to corroborate, we will use our discretion to decide if the reasons and evidence provided sufficiently mitigate the risk. The adverse credit must be settled or paid in full at point of application. Unsatisfied adverse credit immediately demonstrates the issue is unmanaged and not under control. It would be expected to see a clear credit file (since the event) with no missed payments or further adverse markers.

Affordability When Purchasing a Rent to Buy Property as Shared Ownership

- 2.14 We will assess the affordability of the shared ownership option for each applicant. The aim of this will be to:
- Demonstrate the applicant can afford shared ownership.
 - Determine the largest percentage share the applicant can purchase, whilst this remains affordable.
 - Check the applicant requires shared ownership and could not otherwise afford to buy the property outright.
- 2.15 Applicants can expect their financial assessment to be carried out free of charge by a [qualified and experienced paneled mortgage advisor](#) that is regulated to give mortgage advice who will assess that the share level being purchased is suitable for the applicant's affordability, needs and circumstances.
- 2.16 We will follow the advice provided by the advisor in respect of all mortgage matters.
- 2.17 Applicants will be encouraged to purchase as large a share as is suitable based on their individual circumstances and affordability, taking into consideration any known or foreseeable changes in the future. Applicants will be expected not to overcommit themselves financially. Whilst applicants are expected to use any savings, assets, investments, etc., in their purchase, this does not mean that they are not permitted to retain a level of savings.



- 2.18 Applicants will require a deposit of 5% or above and any gifted deposit will only be accepted from a close family member e.g. parent, grand parent, sibling. The cash must be traceable, in accordance with anti-money laundering protocols, and supported by a letter stating it is a gift and not a loan. When cash is being gifted to an applicant, the person providing the gift must be able to demonstrate they have the funds available (6 months bank statements) and able to evidence where the money has come from (e.g. savings, pension drawdown). We may cancel the sale if the documentation provided is not deemed adequate to explain the source of the money.

Application Surplus Income

- 2.19 Applicants are required to have a minimum of 10% of net income after commitments and housing costs remaining at the end of each month following the assessment of all elements of their income and expenditure.
- (A) Gross income
 - (B) Less gross deductions (tax, National Insurance, student loan, etc)
 - (C) Less known commitments (loans, credit cards, childcare, etc)
 - (D) Less housing costs of the Shared Ownership purchase (rent and service charges)
 - $(A - B - C - D)$ = income available to support a mortgage, other essential expenditure (identified through a budget planner) and to meet the provider's surplus income policy.

Rents

- 2.20 The initial rent will be determined by an independent RICS surveyor. The maximum annual rent increase will be the Consumer Price Index (as at September in the previous year) plus 1%.
- 2.21 Any subsequent re-lets within 5 years from build or acquisition of the RTB homes, will be subject to a revised intermediate rent. The revised rent will be determined by an independent RICS surveyor.
- 2.22 Rent will be paid by Direct Debit, monthly in advance. There will be no non-collection weeks for Rent to Buy Homes.
- 2.23 For rents in arrears, support will be offered in line with our Income Maximisation Policy. We may seek to end the tenancy if a payment plan cannot be agreed.
- 2.24 The successful applicant(s) will be required to pay rent on the remainder of the month from when they move in plus the full first month's rent in advance and a rental deposit which will be the equivalent of one month's rent. The deposit will be registered with a Government backed Rent Deposit Scheme and must be registered within the scheme designated timescales.
- 2.25 We will let properties on an assured shorthold tenancy for a fixed term of 1 year. After this initial fixed term, the tenancy will convert to a periodic assured shorthold tenancy, renewed annually for the remaining 4 years.



- 2.26 If the tenancy ends prior to the initial 5-year term we will re-let the property at an intermediate rent level to a new tenant, subject to the Rent to Buy eligibility criteria.
- 2.27 If the tenancy ends years or more from the initial tenancy, we have the option to re-let the property as Rent to Buy, market as Shared Ownership or Market Sale, or let as Market Rent or Affordable Rent. A cost benefit analysis will be undertaken prior to a decision being made.
- 2.28 Mutual exchange is not allowed for Rent to Buy homes.

Housing Management

- 2.29 We will manage properties that are let subject to Rent to Buy arrangements in line with our housing management policies. This includes the delivery of a repairs and maintenance service, housing support including income management, complaints and anti-social behaviour etc.
- 2.30 We will conduct a 1 and 9 month review of the tenancy with the tenant within the first year, annual checks will be conducted thereafter. This will be conducted at the Rent to Buy property. This review will include but not be limited to:
- An annual property inspection to ensure the premises are being maintained in accordance with the terms of the tenancy agreement.
 - An update from the tenant on their progress with saving towards a deposit.
 - Remind the tenant of their options about the future purchase of the property e.g. shared ownership and outright sale.
- 2.31 We will discuss all housing options with individual households where it becomes apparent that they are not able to purchase within the expected timescales.
- 2.32 If a tenant wishes to terminate their tenancy within the first 5 years, they must provide us with one months' notice in writing. We will arrange a pre-tenancy termination inspection and notify the tenant of the outcome of the inspection in writing prior to the end of the tenancy.
- 2.33 At the end of the tenancy we will conduct a post tenancy termination inspection. Providing the property has been maintained in accordance with the terms of the tenancy agreement we will return the rental deposit in full in accordance with the terms of the Government backed Deposit Protection Scheme.
- 2.34 If we decide to withhold all or some of the rental deposit, we will notify the tenant of the reasons for this in writing and advise them of their rights and obligations in accordance with the Government backed Deposit Protection Scheme.

Purchase

- 2.35 A tenant can also request to purchase their property within the five years rental period but at our discretion. A purchase under Shared Ownership is permitted as it remains as affordable housing. Tenants must meet all the shared ownership eligibility, affordability sustainability and requirements.



- 2.36 If at any point after the initial 5 years of letting the tenants submit a request to buy their home, we will agree to sell it except in exceptional circumstances.
- 2.37 If the tenant does not exercise the option to purchase, we can retain the property as rented housing (at either affordable, intermediate or market rate rent) or sell it on the open market.
- 2.38 If after the initial 5 years of letting we wish to sell the property, the existing tenants will be granted a right of first refusal.
- 2.39 Where, after 5 years, the home is sold or converted to a market rent, the grant paid and any applicable uplift in value, will be subject to grant recovery implications, which will be done in line with Homes England Capital Funding

Help and Support

- 2.40 Our Sales Team will provide support and advice for any customers interested in the scheme before applying and throughout the process.
- 2.41 Further information on the scheme is available at <https://www.gov.uk/guidance/capital-funding-guide/2-rent-to-buy>

Appeals Process

- 2.42 Customers can appeal our decisions where they feel that we have not taken all information into consideration, or they are unhappy with the outcome we have reached.
- 2.43 We will inform customers how to appeal a decision and how we will consider it. A manager who has not been part of the decision process will consider the appeal. Their decision will be final.



3. Responsibilities

- 3.1 The Head of Sales & Home Ownership is responsible for the overall implementation of this policy. Specific responsibilities are set out below:

Role	Responsibility
Executive Director Finance, Risk and Performance	Final approval of the policy.
Director of Development, Sales and Growth	Operational implementation of this policy.
Head of Sales and Home Ownership	Operational oversight of service delivery.
RTB & Leasehold Manager	Oversee the management of Leasehold Services.
Asset Team Sales Team Leasehold Team Lettings Team Neighbourhood Team Income Team	Responsible for implementing the policy, procedures and systems from project inception to after-sales.

4. Monitoring and review

- 4.1 In order to ensure that the policy is effective and delivering the intended outputs, the following Key Performance Indicators (KPIs) are in place to monitor the performance of the policy:
- The time from build completion to the date of the tenancy commencing.
 - 1 & 9 month check in completed and conversion to AST.
 - From year 2 annual checks.
 - 4.5 year review to agree purchase of property or further options.
- 4.2 We will review this policy every 3 years, or sooner if our monitoring of the policy identifies that changes are required, for example because of changes to law, regulation or related Livv strategies and policies.



Control framework

Compliance

This policy supports compliance with:

- Regulator of Social Housing's Safety and Quality Standard, Tenancy Standard, Rent Standard
- Homes England Capital Funding Guide and the requirements of the Shared Ownership and Affordable Homes Programme 2021 to 2026

Document control	
Version	1.1
Policy applies from	28 July 2025
Policy applies to	Livv Housing Group; Livv Homes
Approved by	Executive Director – Finance, Risk and Performance
Approved on	Version 1.1: 23 July 2025 Version 1.0: 4 September 2024
Replacing	Rent to Buy Policy 2024-2027 v1.0
Next review due by	September 2027
Responsible Executive Director	Executive Director – Finance, Risk and Performance
Policy author	Leigh Morrissey, Head of Sales and Home Ownership
Equality Analysis	August 2024
Environmental Impact Assessment	Not required
Circulation	Intranet; Livv Housing Group website

Version control		
Version	Date of Review	Summary of changes made
1.1	July 2025	Adverse credit section added.
1.0	September 2024	Review of 2021-2024 policy in line with Policy and Strategy Framework.

