Rent to Buy Policy

platform housing group

Scope of Policy

This policy sets out the principles and objectives that Platform Housing Group (the Group) will deliver when utilising the Rent to Buy product as a route for customers into low-cost home ownership.

Applicability

The policy applies to all members of the Group.

1. Policy Statement

1.1 Rent to Buy is a government scheme in England which allows working households to rent a home at Intermediate Rent providing them the opportunity to save for a deposit over time to purchase their home.

For the purpose of this policy, Rent to Buy refers to properties built or converted to this tenure as part of our Homes England programme for 2021-26.

1.2 The homes will be let at an Intermediate Rent for a period of five years, during which time it is expected that customers will save for the deposit to purchase their home.

1.3 After the initial letting period, the Group will:

- Sell the home on a shared ownership basis
- Sell the home on an outright sale basis (if after year 5, with the customer being given the right of first refusal), or
- By exception only, retain and convert the home as rented housing temporarily on a market rent basis.

1.4 There is an option to purchase within the initial five-year period, but only on a shared ownership basis. This is at the discretion of the Group.

1.5 Our policy complies with government guidance and Homes England's Capital Funding Guide.

2. Context

2.1 The Group recognises that whilst many people aspire towards home ownership, their current financial circumstances may mean they are not able to access the deposit required to obtain a mortgage. Therefore, when delivering Rent to Buy, we will let the new homes to working households who are committed to saving for a deposit to secure a mortgage.

Rent to Buy customers must be working households and intending to buy their own home in the future at time of letting. We will require customers to sign up to an

Option Agreement, detailing the intention to purchase the property at the end of the five-year period. Whilst this should be the intention at the outset, the Group recognises that household circumstances can change over time such that this may not be possible.

2.2 To be eligible for Rent to Buy, customers must be first time buyers, having not previously owned their own home. An exception to this is where an applicant is looking to return to home ownership following a significant life event.

2.3 Rent to Buy homes are not subject to local authority nominations, although the Group can choose to work with the relevant local authority to identify potential customers.

There are no local or other prioritisation criteria to be applied to the Rent to Buy product, other than on rural exception sites. On rural exception sites, the priority for allocations will be set out in the section 106 agreement agreed between the local planning authority, developer and Registered Provider. This will often stipulate that priority will be given to applicants with a connection to the local area and, additionally, provide a cascade out to the subsequent areas that will be given priority.

3. Aims and Objectives

3.1 The aims and objectives of the policy are as follows:

- Increase our housing products on offer to give households an additional route into low-cost home ownership, where it is suitable and appropriate to do so.
- Conform to requirements in the Homes England Capital Funding Guide and apply the relevant policies and requirements of the current Homes England Funding Programmes.
- Comply with all legal and regulatory requirements including money laundering and anti-fraud practices on completion of sale, together with the requirements of the Capital Funding Guide.
- Take a consistent approach to decision-making.
- Have an approach that considers the financial implications of decisions made by the customer and the Group.
- Have an agreed process to follow to ensure the correct departments/ colleagues are consulted/notified about any conversion of Rent to Buy into shared or outright ownership.

4. Policy Outline

4.1 We will only let properties under the Rent to Buy scheme where the new homes have specifically been built for this purpose with the assistance of grant funding from Homes England under the Strategic Partnership or Shared Ownership and Affordable Homes Programme or have been converted to Rent to Buy with the express permission of Homes England under one of these Programmes.

4.2 **Rent Setting and Tenancy**

4.2.1 Homes will be offered at intermediate rents which do not exceed 80% of the current market rent (inclusive of eligible service charges) and apply a maximum annual rent increase of Consumer Price Index (CPI) plus 1%, but not to exceed 80% of the current market rent as determined by an RICS valuer.

CPI will be calculated as of September of the previous year. Rents will not be capped by LHA rates. These rents will be set by the Development Programme Team following the Royal Institution of Chartered Surveyors (RICS) valuation information being obtained by the Sales Team.

4.2.2 Homes must be let on an assured shorthold tenancy for a fixed term of less than two years, unless the Group has explicit permission from Homes England to grant a longer tenancy (to be agreed at the time of bidding). The Group will offer an initial fixed term for 12 months and this will then automatically convert to a periodic tenancy from thereon.

4.2.3 The Group expects households who wish to access Rent to Buy tenancies to pay the equivalent of one and half month's rent in advance, plus a deposit which will be registered with a Government backed Rent Deposit Scheme.

4.3 **Allocation and Eligibility**

4.3.1 There are no restrictions on what property size can be applied for by customers under Rent to Buy guidance but, where necessary, we will use our discretion during the application process to ensure that properties are allocated appropriately – based on the number of intended occupants. We will not allow statutory overcrowding.

4.3.2 All applicants applying for Rent to Buy will be financially assessed and required to enter into a Rent to Buy Option Agreement, confirming their intentions to use the benefit of the five-year reduced rent period to help them save towards a mortgage deposit.

4.3.3 Customer circumstances will be monitored and assessed on a yearly basis throughout the five-year term.

4.3.4 To abide by the statutory requirements for renting property in the UK, all applicants over the age of 18 will be subject to the following checks:

- A Right to Rent check and fraud prevention checks to confirm that you have a legal right to rent a property in the UK. You will need to supply valid proof of your current address and photographic ID.
- An employment reference and confirmation of the monthly household income.
- Credit referencing to confirm that you have an adequate credit score to obtain a mortgage during the five-year period to purchase the property. Please be

aware that we will be unable to proceed with your application if you are subject to any Bankruptcy or County Court Judgments (CCJs) issued within the last three years.
- A reference from your current landlord or letting agency (if applicable).

4.3.5 The Group expects to sell the home to the tenant after they have been able to save for the deposit required after the expiration of the five-year rental period, either on an outright or shared ownership basis (minimum share of 10%). However, we will discuss all housing options with individual households where it becomes apparent that they are not able to purchase their properties within the expected timescales.

4.4 **Re-lets and Voids**

4.4.1 Where an initial tenant of a Rent to Buy home vacates the home prior to the end of the five-year period, then the property should be considered for re-let on a Rent to Buy basis. Where this is not possible (such as where there is too short a time left of the five-year period for someone to be reasonably expected to save for a deposit), consideration should be given to convert the property to Shared Ownership, subject to Homes England approval. The five-year period applies to the property and not any given tenancy. The five-year period after which a Rent to Buy customer can purchase the home outright does not change. So, for example, if a Rent to Buy customer vacates after three years, then a subsequent Rent to Buy customer would be able to purchase outright after two years (as the property would then be five years old).

4.5 **Management and Maintenance**

4.5.1 The Group has provisions in place to manage properties that are let under Rent to Buy arrangements. This includes the delivery of a full repairs and maintenance service and housing management support including arrears management, complaints, reports of anti-social behaviour etc., up until the point at which the household gives notice of their intention to proceed to purchase, at which time both routine repairs and maintenance services and housing management support will be suspended until practical completion whereby they would completely cease. We will continue to respond in emergency situations whilst a sale is progressing.

4.5.2 Rent to Buy properties will be built to the Group's shared ownership specification, which includes the provision of hobs, ovens and extractors in the kitchen. In addition, we will provide carpets in the properties. These will remain the property of the Group until the sale process has been initiated at which point responsibility for these will be suspended as outlined above in 4.5.1.

4.6 **Purchasing the Property – Year 1-5**

4.6.1 Following the first 12 months of the Rent to Buy tenancy agreement, a customer can purchase their property on a shared ownership basis within the five years rental period but this remains at the Group's discretion. The property will require a market valuation that will be compared to the current net book value, considering all relevant

sales-related costs. If the sale is not financially viable for the Group, it will not be approved.

4.6.2 A purchase under shared ownership is permitted as it remains as affordable housing but customers cannot purchase the property outright in the first five years unless it is a result of staircasing following a shared ownership sale. Customers must meet all the shared ownership eligibility, affordability and sustainability requirements.

4.6.3 If the home is being purchased through shared ownership, the requirements set out in the shared ownership chapter of the Capital Funding Guide must be met. Any Rent to Buy homes sold on a shared ownership basis after 1 April 2021 should be sold on the basis of the new model of shared ownership introduced by Government from 1 April 2021.

4.6.4 The 10-year repair period starts based on the date of build completion. Rent to Buy homes purchased through shared ownership will therefore be eligible for part of the 10-year repair and maintenance support based on the remaining time between the handover date and the 10-year repair end date.

4.7 Purchasing the Property – End of Year 5

4.7.1 The intention is that the Group will sell Rent to Buy properties at the end of year five on either an outright sale or shared ownership basis (see requirements in 4.5.3).

4.7.2 Rent to Buy homes will be sold at market value at the time of purchase in accordance with a RICS valuation. An indicative valuation figure will be provided by the sales team, based on local market comparables, to assess initial customer affordability and provide the relevant information required for a financial appraisal. Once the property has been approved by finance to allow the sale to proceed, a RICS valuation will be required and will be paid for by the customer.

Households will need to obtain a conventional mortgage and there are no additional affordability assessments, over that of the mortgage lender, required for Rent to Buy purchases (unless the purchase is made on a shared ownership basis). For Shared Ownership sales, the sale will follow our Shared Ownership policy.

4.7.3 The customer will be served notice on their tenancy agreement six months before the end of year five. The information given at this point will remind them that their tenancy will expire at the end of year five and they will need to consider starting the purchase process or begin to make arrangements to move out and find alternative accommodation.

4.7.4 If a household is not in a position to purchase their home on an outright sale or shared ownership basis at the end of the five-year period, we will review their options on an individual basis. These options will include supporting them to find alternative housing options or, in exceptional cases, offering them the ability to rent at 100% market rent for a maximum of one year. Using the term ‘exceptional cases’, we refer

to customers who wish to buy their property but may have temporary difficulty in doing so. All options will be considered on a case-by-case basis and informed by individual household circumstances at the time.

4.7.5 With all applications for purchase, there may be certain circumstances which may result in the Group being unable to sell the property to the customer, such as if the current value of the property is less than the original value stipulated in the option agreement, or if there have been any breaches of the tenancy agreement.

5. Equality and Diversity

5.1 We are committed to fairness and equality for all, regardless of age, gender reassignment, marriage or civil partnership, pregnancy, disability, race (including colour, nationality, ethnic or national origin), religion or belief, sex, or sexual orientation, as set out in our relevant Group policies.

Our aim is to ensure that our policies and procedures do not create an unlawful disadvantage for anyone, either directly or indirectly.

6. Complaints

6.1 We aim to meet the needs of our customers by providing an excellent service. However, it is acknowledged that occasionally things go wrong and customers may wish to complain. Should the need arise to make a complaint, please refer to our Complaints, Comments and Compliments Policy.

7. Monitoring and Review

7.1 The next policy review is scheduled for December 2026 and then every three years thereafter.

7.2 We may update this policy from time to time to reflect changes in the law, regulations, or how we operate.

7.3 Approved documents are valid for use after their approval date and remain in force beyond any expiry of their review date until an updated version is available.

8. Associated Documents

8.1 List of documents - associated policies, procedures and publications:

- Rent Setting Policy
- Shared Ownership Policy and Procedure

Author:	Elizabeth Birdsall
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Version 3.3:	Final
Version 3.3 **Approved by:** **Approved date:** **Release date:**	 Senior Leadership Team 07/08/2026 11/08/2026
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