



Market Rent and Rent to Buy

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| Document Author(s): | Leasehold Manager/Shared Ownership Sales and Marketing Manager and Service charge accountant |
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| For the full version history of this document, see the back page | |

Please avoid referring to printed versions of this policy.

Printed versions may quickly go out of date – the latest version will be on the Policy Hub or contact the Governance Team. For support and advice regarding the policy, please contact the policy owner.

1.0 Introduction and Scope

1.1 This document sets out our policy and approach to managing and maintaining our market rent and rent to buy properties. This policy is informed by our organisational goals, legislation, regulation and best practice.

1.2 The policy covers the following areas:

- Eligibility for Market Rent and Rent to Buy properties
- How to become a homeowner through Rent to Buy
- How a tenancy can be ended

Prescribed timescales for purchasing

1.3 The purpose of the policy is to ensure that anyone applying for a Market rent or Rent to Buy property, is eligible which means able to afford the tenancy at the commencement, keep up payments or buy at the end of the period where it is Rent to Buy property.

1.4 The Homes England Capital Funding Guide (CFG) Chapter 2 has been used as a guide for this policy in relation to the Rent to Buy product.

1.5 The scope of this policy covers:

| | |
|---------------------|---|
| Gentoo Group | X |
| Gentoo Homes | |
| Gentoo Developments | |

It applies to:

| | |
|--|---|
| General Needs rented properties | |
| Supported Housing | |
| Sheltered Housing | |
| Leasehold/Shared ownership | |
| Rent to Buy properties | X |
| Market rented properties (domestic) | X |
| Temporary Accommodation | |
| Stock owned but not managed by the Group | |

| | |
|---|---|
| Communal Areas, including those relating to Leasehold/Shared Ownership properties | X |
| Commercial Property (offices, depots etc) | |
| Stock managed by Gentoo on behalf of a third party | |
| Garages and outbuildings | |
| Remote plant (district heating, electrical pumps etc) | |
| Curtilage | |

2.0 Links to organisational goals

- 2.1 Our core purpose, vision and values set the direction and shape the culture of our organisation.

Our core purpose is to provide safe and decent homes for our customers or today and tomorrow.

Our vision is to provide great homes, strong communities and inspired people, for Sunderland.

- 2.2 Our values are what we stand for and what we want to be known for. They are what make us, us.

- We care about people
- We take accountability
- We shape the future
- We bring leadership
- We deliver

The Group Board sets the Group's strategy and strategic objectives. Our strategic objectives are based on our priorities which guide the delivery of our services. We are Gentoo:

- We know our customers
- We provide great homes
- We help communities to thrive
- We are a great place to work
- We spend our money wisely and are well governed

Gentoo's policies support the delivery of the Group's Vision, Values and Strategy.

3.0 Regulation and Legislation

- 3.1 The Company Secretary and General Counsel will ensure this policy has regard to all legislation, regulation and best practice. The regulation and legislation applicable to this policy is attached in Appendix 1.

4.0 Roles and Responsibilities

- 4.1 The Company Secretary and General Counsel is accountable for ensuring this policy has regard to all legislation, regulation, best practice and for ensuring the effective implementation of this policy.
- 4.2 The Company Secretary and General Counsel is responsible for adequate resourcing and having effective processes in place to implement this policy.
- 4.3 The Leasehold Manager and Shared Ownership Sales Manager is responsible for the day-to-day delivery of this policy and for ensuring the policy and procedure are adhered to. They are responsible for ensuring that all staff are trained where appropriate.
- 4.4 All Leasehold Management team and the Shared Ownership Sales team are responsible for familiarising themselves with this policy and accompanying procedure and for reporting any concerns they may have.

5.0 Our Policy Statement

- 5.1 Gentoo have a number of properties that are let on a Market Rent and Rent to Buy basis. They are let and managed separately to the social rented properties. They are not social tenancies and as such are not entitled to some of the rights that may be available to social housing tenants, such as the Right to Buy, Right to Acquire, the Right to Succeed or the Right to Assign.
- 5.2 Gentoo's market rent properties are let to customers on a rent that is set in line with the market as advertised by external estate agency. The rent level will be reviewed at the end of each tenancy and on an annual basis.
- 5.3 Gentoo's Rent to Buy homes will be let to working households at an Intermediate Rent providing them with the opportunity to save for a

deposit for a minimum of five years. During which time it is expected that tenants will save for the deposit to purchase their home. The rent (including service charge) is set at 80% of the market rent. The tenant can apply to purchase their home on a shared ownership basis during years one to five, or on an outright basis at the end of the five-year term. Tenants must meet all shared ownership eligibility, affordability and sustainability requirements

- 5.4 After the initial five year Rent to Buy period Gentoo may continue offering the property as Rent to Buy; sell the home on an outright basis with the tenant being given first refusal; or retain and convert the home as rented housing on either an affordable or market rent basis.
- 5.5 All customers will be signed up to a tenancy agreement as set out in our Tenancy Policy. Rents will be reviewed in line with our Rent Setting Policy and in line with Government guidelines $cpi + \%$
- 5.6 Gentoo is committed to ensuring that our services are accessible to everyone.
- 5.7 To ensure our service is accessible, a variety of methods can be used by our customers when reporting repairs. Customers are provided with clear information to enable them to understand the importance of reporting repairs and how to report them. Our repairs service aims to be efficient and effective; achieving value for money while ensuring we get it 'right first time' for the customer as set out in our Repairs and Maintenance Policy.
- 5.8 Customers should ensure that the Market rent and Rent to Buy property is kept in good state of repair. If any damage to the property is caused by the customer during their tenancy they will be recharged for any repairs.
- 5.9 We aim to constantly challenge and improve our services to customers who access our products and services. We therefore use tools, including Customer Experience Surveys to obtain feedback from our customers following a repair.
- 5.10 Our Market Rent and Rent to Buy Policy will ensure that customers will be treated as individuals and with fairness and respect. Our Policy will ensure that customers are treated as individuals with fairness and respect. An Equality Assessment has been completed on this policy.

6.0 Applicant eligibility requirements and Allocations

- 6.1 Gentoo will allocate its Market Rent and Rent to Buy properties on a first come first served basis. All applications will be dealt with in data order following the successful completion and submission of the application form.
- 6.2 Rent to Buy tenants must be in full or part time employment and intending to buy their own home in the future at time of letting. Whilst this should be the intention at the outset, household circumstances can change over time such that this may not be possible.
- 6.3 To be eligible for Rent to Buy tenants 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 relationship breakdown.
- 6.4 The key eligibility requirements for Rent to Buy are:
- The property must be the tenants only home.
 - At least one household member must be in paid employment.
 - The rent should be between 25% - 45% of the total household income.
 - Be able to pay rent and save for a deposit at the same time and be able to get a mortgage
- 6.5 All applicants applying for Rent to Buy will be financially assessed by an Independent Financial Adviser (IFA) acting on behalf of Gentoo Group. The cost for this service will be paid for by Gentoo.
- 6.6 The completed application form will be sent to the IFA who will arrange a telephone interview within 24 hours. Following the interview, the client will be provided with access to their secure email system and advised of the documentation required, depending on circumstances. Standard ID will apply including pay slips, bank statement, benefit award evidence and credit reference files from Experian and Equifax. (both will be required due to variations between reports). A calculator assessment will ensure that based on the discounted rent, the case falls within the recommended ratio (the new rent will not be less than 25% of the surplus

net income (over-affordable) or if more than 45% (unaffordable). The IFA will produce an assessment report with a clear decision on whether the client should be offered or rejected the property.

- 6.7 Additional tenancy checks must be completed in the form of a landlord check/reference with a clear rent account.
- 6.8 Gentoo will not proceed with any application where the client is subject to any bankruptcy or County Court Judgements (CCJs) issued within the last three years and you have poor credit rating including high debt to income ratio
- 6.9 Applicants who pass the affordability and eligibility assessment will be offered a viewing of the property and subsequent offer of the property. In the event that the property is refused Gentoo will contact the next customer on the list and repeat the process.
- 6.10 If there has been no prior interest in a property, the property will be advertised online via a national web-based property marketing site.
- 6.11 If there is no interest from online advertising, we may use a private letting agent and pay an introducer fee.
- 6.12 Where we allocate a property to a member of staff, a board member or a member of their family, a declaration form will be completed, and the allocation will be approved by a member of the Senior Leadership Team. Any allocation to a Board member or a relative of a member of the SLT or Executive team, must be approved by the Gentoo Board.
- 6.13 A customer who accepts the offer of a Gentoo Market Rent or Rent to Buy property is required to pay two month's rent before signing up to the property. This is made up of one month's rent in advance and a bond which is equivalent to one month's rent.
- 6.14 Gentoo is registered with the Government backed Deposit Protection Scheme (DPS) which will ensure that all deposits are held securely for the duration of the tenancy. Gentoo will register the deposit with the DPS and provide the customer with the information within 30 days of receipt.
- 6.15 On termination of the tenancy, the deposit will be repaid to the customer, less any costs owed to Gentoo in respect of outstanding rent, damages to the property and/or costs of any enforcement actions by Gentoo.
- 6.16 Our tenancy agreements set out the tenants' rights and responsibilities

in relation to having a tenancy with Gentoo.

- 6.17 Gentoo will complete Government CORE within in 2 weeks of signing up the new Rent to buy Tenancy

7.0 Rents

- 7.1 Rent to Buy – Intermediate rents are to be offered at a value above social rent but below market levels. They must not exceed 80% of the current market rent (inclusive of service charges). In order to provide protection and certainty for tenants, providers and funders, the maximum annual rent increase will be the Consumer Price Index plus 1%. The Consumer Price Index will be taken as at September of the previous year. Increased first Monday in April after the letting date
- 7.2 Local Rent Officers, Rent Assessment Committees or the Valuation Office Agency may be used to provide details of local market rents for particular types of property which will assist in determining local market rents.

8.0 Home Ownership

- 8.1 Rent to Buy 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 required for Rent to Buy purchases, over that which may be required by the mortgage lender.
- 8.2 If the home is being purchased through Shared Ownership the client/s must meet all the eligibility and affordability criteria as set out in the Shared Ownership chapter of the Capital Funding Guide.

Shared Ownership applicants must have a gross household income of less than £80,000 per annum and be unable to purchase a suitable property on the open market.

The client will be assessed for affordability by an independent mortgage adviser or lender with evidence of lending DIP (mortgage Decision in principle) in place or proof of deposit if purchasing cash.

The sales team will prepare the memorandum of sale which will confirm the agreed Shared Ownership % and rent and service charges. Group legal will request rent and service charge apportionment and will issue the lease to the clients solicitor and the conveyancing process will

commence until the funds are received and the sale completes.

Note: From 1st April 2021 for any homes delivered under the AHP 2021-2026 the minimum share has been reduced to 10% share under the new model. The introduction of the option to staircase in 1% increments for the first 15 years. Reducing the minimum for purchasing larger shares from 10% to 5%

The changes do not apply to any Shared Ownership homes, including resales, delivered as part of any Homes England programme prior to the AHP 2021 to 2026 where the minimum share is 25%.

9.0 Legal remedies

- 9.1 If a customer breaches their tenancy, Gentoo will consider taking legal action to seek possession of the property. Where any legal action is required, the Leasehold Management will liaise with our Legal Team to ensure it is swift and effective.
- 9.2 Gentoo may seek possession of the property at the end of the fixed term or during the statutory periodic term by serving a notice under Section 21 of the housing Act 1988.
- 9.3 Gentoo may serve a Notice of Seeking Possession (NOSP) at any time during the fixed term which can expire before the end of the fixed term.
- 9.4 If there are two or more months' rent arrears outstanding, Gentoo may serve notice of seeking possession under Section 8 of the Housing Act 1988.
- 9.5 If the breach of the tenancy enables a notice of seeking possession to be served under ground 14, possession proceedings can be commenced two weeks after the notice is served.
- 9.6 A Notice to Quit (NTQ) will be served when the tenant is deceased or the property is abandoned.

10.0 Ending the Tenancy

- 10.1 The tenant may end the tenancy agreement at the end of the fixed term or during the statutory periodic term by giving Gentoo at least 4 weeks' notice. If the tenancy is a joint tenancy, only one tenant need give notice to end the tenancy.
- 10.2 At the end of the tenancy, if there are any outstanding debts or repairs, these will be deducted from the deposit. If the amount of debt and/or chargeable repairs outweighs the deposit, the customer will be pursued for repayment of the debt.

11.0 Escalation

- 11.1 Where a Board member has concerns about significant issues in any area of compliance with Market Rent, they must escalate these concerns to the Company Secretary and General Counsel.
- 11.2 Where a member of staff has concerns about significant issues in any area of compliance with Market Rent, they must escalate these concerns through their line management structure, ultimately to the Executive Team.
- 11.3 Where a member of staff continues to have concerns about significant issues in any area of compliance with Market Rent, they should refer to the Group Whistleblowing Policy for further guidance.

12.0 Monitoring and Review

- 12.1 This policy will be reviewed every three years or in line with business need.

13.0 Policy Outcomes

Our policy aims to achieve the following outcomes:

- To maximise access to our products
- Provide a range of housing solutions which are open to customers with a range of income levels
- Promote sustainable communities with a mixture of tenure types and accessible housing choices.

14.0 Records

- 14.1 All information relating to the tenancy will be kept in the customer file electronically and all properties will be recorded on the MRI Housing Management system.

Appendix 1 – Regulation and Legislation

This list is not exhaustive

- 11.2.1 Landlord and Tenant Act 1985, Landlord and Tenant Act 1987, Landlord and Tenant Act 1988
- 11.2.2 Gas Safety (Installation and Use) Regulations 1998
- 11.2.3 Electrical Equipment (Safety) Regulations 1994
- 11.2.4 Furniture and Furnishing (Fire) (safety) Regulations 1988
- 11.2.5 The Equality Act 2006 & 2010
- 11.2.6 Rent Act 1977
- 11.2.7 Housing Act 1985
- 11.2.8 Housing Act 1988
- 11.2.9 Housing Act 2004
- 11.2.10 Anti – Social Behaviour Act 2003 & Anti-Social Behaviour, Crime and Policing Act 2014
- 11.2.11 Housing Act 1996
- 11.2.12 Data Protection Act 2018
- 11.2.13 The Energy Performance of Buildings (Certificates and Inspection) (England and Wales) Amendment Regs 2007
- 11.2.14 Sex Discrimination Act 1975
- 11.2.15 Disability Discrimination Act 1995
- 11.2.16 Race Relations Act 1976
- 11.2.17 Homes England Capital Funding Guide (CFG) Chapter 2 Rent to Buy

VERSION CONTROL

| Version | Reason | Issuer | Date |
|---------|---|----------------|------------|
| 1.0 | Reformatted to reflect Group's approved format – policy is currently under review | Kirsty Collins | 20/03/2018 |
| 1.1 | In draft - fundamental policy review | Kirsty Collins | 29/01/2019 |
| 2.0 | Approved version following review | Kirsty Collins | 09/04/2019 |
| 2.1 | Updated for new RTB and S/O models | Helen Boyle | 21/10/2021 |
| 3.0 | Approved | Susie Thompson | 29/10/2021 |
| 3.1 | Full three yearly review completed. | Helen Coldron | 20/03/2025 |
| 4.0 | Approved by the Executive Team. | Chloe Appleby | 29/05/2025 |
| 4.1 | Word amendment in section 14 from Orchard Housing to MRI Housing as requested by the Leasehold Manager. | Chloe Appleby | 17/06/2025 |

