

# Rent to Buy

The background of the entire page is a faded, light purple image. It depicts a hand holding a set of keys, positioned above a document that has the word 'Contract' visible on it. Another hand is seen reaching towards the keys. The overall theme is related to real estate transactions.

YOUR GUIDE TO THE RENT TO BUY SCHEME

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RENT TO BUY

# Your Guide to the Rent to Buy Scheme

- 3 WHAT IS RENT TO BUY?
- 4 RENT TO BUY ELIGIBILITY
- 5 READY TO APPLY?
- 6 FREQUENTLY ASKED QUESTIONS

# What is Rent to Buy?

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Rent to Buy is a government scheme designed to help you own your home. The scheme allows you to rent your home at approximately 20% less than privately renting. This provides you with the opportunity of renting whilst saving towards your deposit and own your own home in the future.

With Rent to Buy, you move into your new home and rent the property on an assured shorthold tenancy basis for a minimum of 1 year and maximum period of 5 years. During this time, you'll pay a reduced rent of just 80% of the full open market rent value. You can purchase your home from us on a Shared Ownership basis during years 1-5, the agreement to this sale is at our discretion. You can purchase your home from us on an outright sale or shared ownership basis at the end of the 5 year term

# Rent to Buy Eligibility

There's a small criteria you will need to meet in order to be eligible for Rent to Buy. Including:

1

**COMPLETE OUR APPLICATION FORM**

2

**A WORKING HOUSEHOLD**

3

**HAVE GOOD CREDIT HISTORY**

4

**NOT CURRENTLY OWN A HOME**

# Ready to Apply?

1. Complete our application form
2. Send your application form, ID, 3 months bank statements and pay slips (or P60) to sales@platformhg.com
3. We will then require your consent to pass your details to a third party letting agent to carry out a credit reference check
4. Once passed, we will then send you an offer letter for your chosen plot where possible\*
5. Options Agreement signed
6. Arrange a viewing
7. Tenancy sign up paperwork completed
8. Deposit - you will be required to pay the equivalent of 5 weeks rent as a deposit, which will be protected within the DPS scheme.
9. Rent – You will be required to pay the rent for the remainder of the month from your tenancy sign up date and 1 months rent in advance.
10. Move in day – you get the keys!

\*Properties will be allocated on a first come, first served basis. In the event of multiple applications, we may also need to consider housing need.

All applicants applying for Rent to Buy will be financially assessed and required to enter into a Rent to Buy Options Agreement, confirming their intentions to use the benefit of the 5 year reduced rent period to help them save towards a mortgage deposit. This will be monitored and assessed on a yearly basis throughout the 5 year term.

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:

- Credit referencing to confirm that you have an adequate credit score to obtain a mortgage during the 5 year period to purchase the property. Please be aware that we will be unable to proceed with your application if you're subject to any Bankruptcy or County Court Judgements (CCJs) issued within the last 3 years.
- 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 provide valid proof of your current address and photographic ID.
- An employment reference and confirmation of the monthly household income.
- A reference from your current landlord or letting agency (if applicable).

Please note that these are likely to be carried out by a third party acting on behalf of Platform Housing Group. There will be no cost to you for these checks.



# Frequently Asked Questions

## **CAN EXISTING HOME OWNERS APPLY FOR RENT TO BUY?**

Home Owner's returning to the market due to exceptional circumstances, such as a relationship breakdown that can't afford to buy a home on the open market will be eligible.

## **WILL THERE BE A SERVICE CHARGE?**

Under your rent to buy agreement, the service charge is inclusive of your rent.

Once you purchase your home in the future on either an outright or shared ownership basis, there may be a service charge payable which will be discussed with you at the time.

## **WHAT TYPE OF TENANCY AGREEMENT IS RENT TO BUY?**

An Assured Shorthold Tenancy will be granted, which will run on a periodic basis.

## **HOW LONG IS THE TENANCY AGREEMENT FOR?**

The agreement will be for a minimum period of 12 months and a maximum period of 5 years.

## **WHAT UPFRONT COSTS ARE INVOLVED?**

You will be required to pay:

*Deposit - you will be required to pay the equivalent of 5 weeks rent as a deposit, which will be protected within the DPS scheme.*

*Rent – You will be required to pay the rent for the remainder of the month from your tenancy sign up date and 1 months rent in advance.*

You will also be responsible for all utility bills associated with the property for the duration of your tenancy. Including council tax, water, gas, electric, TV, Wifi etc.

## **CAN I END MY TENANCY?**

Yes, If or when you decide to end your tenancy, we will ask you to give us 1 calendar month's notice as a minimum. This will need to be given in writing.

## **WHAT IS AN OPTIONS AGREEMENT?**

This agreement is signed at the start of your tenancy confirming your intentions to save for a deposit and purchase the property in the future where financially possible.

# Frequently Asked Questions

## **CAN I SUBLET?**

Sub-letting is not permitted.

## **CAN I DECORATE OR MAKE IMPROVEMENTS?**

Please contact us to request permission for any works.

## **CAN I KEEP PETS?**

Please contact us to request permission for pets. This may depend on the property type.

## **WHO CARRIES OUT REPAIRS?**

As your landlord, Platform Housing Group will carry out repairs and defects in your property; these can be reported directly to us. Please note we will not cover any damage.

## **CAN I BUY MY HOME BEFORE YEAR 5?**

We may be able to sell your home on a shared ownership only basis, this is subject to our approval and remains at our discretion. The property value would also need to be higher than the value quoted within your Options Agreement. If you purchase under a shared ownership basis, this will be under the New model of shared ownership.

## **WHAT IS THE NEW MODEL OF SHARED OWNERSHIP?**

The new model of shared ownership means you will have the option to purchase shares from 10-75%, benefit from the remainder of the 10 year repairs warranty (from the build completion date), a lease term of 990 years and the ability to staircase in tranches of 5% or a gradual model enabling you to purchase additional shares of 1% per year for 15 years.

## **WHAT HAPPENS BEFORE YEAR 5?**

We will discuss all housing options with you on a yearly basis to help ensure you're on the right track to save a deposit and purchase your home once your tenancy ends in 5 year's time

At the year 4 mark of your tenancy, our Market Rent Officer will arrange a home visit and send a letter to you requesting your intentions to purchase or leave the property.

Around 6 months prior to the end of your 5 year rent to buy tenancy, we will contact you again to confirm your intentions to buy or leave the property. If you choose not to purchase your property, it is at this point we will serve our 6 months notice to you to vacate the property.



# Frequently Asked Questions

## **WHAT HAPPENS AT YEAR 5?**

As per your rent to buy agreement with us, we would expect to sell the home to you on an outright sale or shared ownership basis at year 5 as you have received a reduced rent for 5 years in order to save for a deposit. We understand circumstances can change during this time and ask you to keep talking to us so we can review all housing options with you throughout your tenancy with us.

If you decide to purchase your home, the price will be the current market value at the present time, which may be different to when you initially started your tenancy. A RICS valuation will need to be obtained to determine the current market.

If you decide not to purchase your home, your tenancy with us will come to an end at the 5 year point. Our Market Rent Officer will provide you with 6 months' notice prior to reaching the year 5 point, in order to provide you with ample time to find alternative accommodation and ensure you are ready to vacate the property once you reach the end of your 5 year rent to buy agreement.