



Cloch Housing Association

Mortgage to Rent

Policy Name	Mortgage to Rent
Policy Category	Housing Management
Policy Number	096
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This Review	August 2022
Next Review	August 2025

1. Introduction & Aims

- 1.1 This policy sets out the principles and guidelines that Cloch Housing Association will adopt in relation to the Mortgage to Rent Scheme and any applications.
- 1.2 The Association has registered with the Scottish Government to consider applications from owners through the Mortgage to Rent Scheme to assist in preventing homelessness.
- 1.3 The Association aims:
 - To ensure that each application is considered on its merits.
 - To clearly define the respective duties and responsibilities of both the Owner and the Association.
 - To ensure that any Mortgage to Rent transaction represents value for money to the Association

2. Scope and Principles

- 2.1 The Association participates in the Mortgage to Rent Scheme, which forms part of the Scottish Government's Homeowners' Support Fund. Participating in the scheme prevents homelessness and assists the Government in achieving its commitment to reduce and prevent homelessness.
- 2.2 The aim of the scheme is to help owners who are in financial difficulty and are in danger of being made homeless. The scheme helps by enabling these households to remain in their home by selling it to a registered social landlord and becoming tenants of that social landlord.
- 2.3 The scheme is administered and funded by the Scottish Government who provide resources to registered social landlords so that they can buy properties and rent them back to former owners.
- 2.4 Funding is made available to landlords to enable a social rent to be charged and to assist towards any necessary repairs to bring properties up to the Scottish Housing Quality Standard (as well as necessary repairs identified because of gas and electrical safety checks) and the cost of asbestos checks where necessary, up to a maximum of £8,500 plus an administration allowance of £900(currently).
- 2.5 The scheme also funds the owner's conveyancing costs and pays for a survey of the property. The Scottish Government determines the applicant's eligibility for the scheme in the first instance and only when this has been determined, will the Association be asked to consider the property for purchase.

3. Legal & Regulatory Context

3.1 The Association's Mortgage to Rent Policy will comply with all statutory requirements, Scottish Government Guidance and good practice. The policy also complies with many of the principles outlined in the Scottish Social Housing Charter:

- Social Housing Charter Outcome 1 refers to the Association acting in a manner which ensures that all service users are treated fairly and with respect.
- Social Housing Charter Outcome 4 relates to the Association ensuring that all properties that we let meet, as a minimum, the Scottish Housing Quality Standard; this also includes properties purchased through the Mortgage to Rent Scheme.
- Social Housing Charter Outcome 10 refers to the Association providing the widest as possible access to social housing.

4. Consideration of Mortgage to Rent Applications

4.1 The Association may not always be able to offer assistance under the scheme; the undernoted outlines the requirements, which must be met, before a decision to proceed with a Mortgage to Rent application is made.

4.1.1 The Association will consider applications on a first come, first served basis

4.1.2 Applications received which are outwith the Association's geographical area will be referred to another landlord.

4.1.3 The Association will take account of the future viability of the property being considered in the context of house-types and areas (e.g. due for future regeneration work).

4.1.4 For cash flow management, consideration will be given to each application on its own merits and the decision will be based on business and financial plans, cash levels and if the purchase is financially viable for the Association.

4.1.5 The cost of repairs required to bring the property to our lettable/Scottish Housing Quality (SHQS).

4.1.6 The Association may consider applications where repair costs exceed the subsidy when the owner does not have sufficient equity to cover the cost and only when cash flows dictate that the total investment can be recouped within 20-years also taking account of ongoing maintenance and improvements.

4.1.7 The capital cost (less subsidy) must be reasonable in that the estimated additional rental income resulting from the purchase must cover the capital outlay within a 20-year period as well as estimated future

maintenance and improvement costs. Where the property is situated in an external factored development, these costs should also be considered.

4.1.8 Housing Management and landlord responsibilities/implications must be considered in each case.

4.1.9 The applicant will be required to sign a standard Scottish Secure Tenancy Agreement prior to completion of the transaction.

4.2 Only when all these factors are considered and agreed upon, will a decision be taken as to whether to purchase or not. Final decisions to be made by the Board. This is the normal policy of the Association; however, each application will be considered on its merits, and it is not a guarantee that the Association will proceed with any purchase.

5 Sharing Owners

5.1 Existing sharing owners are eligible for participation if there is no legal obstacle to their inclusion. Contracts are checked on a case-by-case basis to ensure that this is the case.

6 Responsibility

6.1 Housing Services staff will be responsible for co-ordinating, identifying and processing Mortgage to Rent applications

6.2 The Head of Housing Services will advise the Finance and Property Services Departments of an application and provide relevant information (as it is received) to allow a repairs assessment and financial appraisal of the application to be undertaken.

6.3 Once each Department has carried out a full appraisal of a Mortgage to Rent application; the Head of Housing Services will draft a report and make a recommendation to the Board on whether to proceed with the application.

7 Policy Reporting

7.1 Each application will be considered by the Board as required. In addition, all successful lets from the scheme will be reported, at least annually, as part of the Association's normal allocations and lettings reports.

8 Equalities Commitment

- 8.1 Cloch Housing Association Ltd is committed to tackling discrimination on the grounds age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity; race, religion or belief, sex, or sexual orientation.
- 8.2 Cloch housing seeks to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.

9 Complaints Procedure

- 9.1 Appeals or complaints against our operation of this policy and the procedures for handling Mortgage to Rent applications will be processed through the Association's Complaints Handling Procedure.

10 Review

- 10.1 This policy will be reviewed every *five* years or as required to assess its effectiveness and to consider any changes required in the light of experience, new guidance, good practice, and legislation.

11 Policy Availability

- 11.1 This document can also be provided in large print, braille, audio or other non-written format and in a variety of languages, on request.