



“Offering our community more than a home”

Mortgage to Rent Policy

Management Committee submission:	25 April 2023
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CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Regulatory Standards:

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.

Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.

This policy can be made available on request in a variety of different formats, such as on CD, in large print and translated into other languages.

POLICY AIMS AND OBJECTIVES

This policy has been developed to set out the guidelines of Clydebank Housing Association (CHA) in relation to the Mortgage to Rent Scheme. Acquiring additional homes in line with budget demonstrates value for money in terms of delivering homes at affordable rent levels, whilst ensuring the close monitoring of overall costs.

INTRODUCTION

The Association currently participates in the Mortgage to Rent Scheme, which forms part of the Scottish Government's Home Owners' Support Fund (HOSF). Landlord participation in the Scheme is entirely voluntary and participating social landlords are not obliged to take on any specific property. The Scheme is run by the Scottish Government and is made up of two schemes:

- Mortgage to Shared Equity
- Mortgage to Rent

Participating in the scheme prevents homelessness and assists the Government in achieving its commitment outlined in their Strategic Housing Investment Plans. The Scottish Government wants everyone to have a good quality home that they can afford and that meets their needs. All Councils across Scotland will have to provide settled accommodation to anyone who is unintentionally homeless.

SCHEME OVERVIEW

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 social landlord (normally a housing association or local authority) and becoming tenants of that social landlord.

The scheme is administered and funded by the Scottish Government and provides resources to social landlords so that they can buy properties and rent them back to former owners.

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 Standards/Energy Efficiency Standards for Social Housing (ESSH and ESSH2) as detailed in the single survey (as well as necessary repairs identified as a result 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.

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 ascertained and the homeowner has been referred by an independent, approved money advisor, will the Association be asked to consider the property for purchase.

POLICY REQUIREMENTS

This Policy now outlines the requirements, which must be met, before a decision to proceed with a Mortgage to Rent application being made.

1. The Association will consider applications on a first come, first served basis
2. Only those applications within the Association's geographical area of operation will normally be considered.
3. Applications received which are outwith the Association's geographical area will be referred to another landlord but will be reconsidered should those landlords not participate in the scheme.
4. The Association will aim to carry out the necessary inspections and forward the results within 10 working days of the property being referred. Where this is not possible, the Association will notify the HOSF of the delay.
5. For cash flow management, consideration will be given to each application and the decision will be based on business and financial plans, cash levels and if the purchase is financially viable for the Association.
6. The cost of repairs required to bring the property to our lettable standard/Scottish Housing Quality (SHQS)/ Energy Efficiency Standards for Social Housing (ESSH and ESSH2) should not exceed the maximum subsidy. The Association will 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.
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 costs. Where the property is situated in an external factored development, these costs should also be considered.
8. Housing Management and landlord responsibilities/implications must be considered in each and every case.
9. The applicant will be required to sign a standard Scottish Secure Tenancy Agreement prior to completion of the transaction.

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 Management Committee. Any property purchase should not be confirmed until the Management Committee have considered budget considerations and the Association must demonstrate that it places importance on strong financial health and robust financial controls.

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 a purchase.

POLICY REVIEW

This policy will be reviewed at least every three years. The review will take account of legislative changes, new policy guidance, and changes in economic and social climate, best practice advice, and the performance of the Association in delivering its objectives.

EQUAL OPPORTUNITES

Our commitment to equal opportunities and fairness will apply irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

An Equality Impact Assessment was carried out in conjunction with the preparation of this policy. It is deemed that this policy will not unduly affect any person(s) with the above mentioned characteristics.

For Office Use Only – Actions

Customer Consultation Required/Arranged	No
Intranet Update	Yes
F Drive Update	Yes
Website Update	Yes
Leaflet change required?	No
Newsletter Promotion?	Yes
Other information updated, e.g. posters, automatic email responses, post cards, answering machine messages, etc.	No
Equality Impact Assessment completed	Yes
Policy Declarations signed by staff	N/A