

FORTH HOUSING ASSOCIATION LIMITED

MORTGAGE TO RENT POLICY

Governance: Housing Management

Code: HM 27

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Cross Reference: Asset Management Policy M18
Treasury Management Policy Fin20



This document can be made available in various formats such as in larger print, audio-format and Braille. It can also be made available in other languages, as appropriate.

Policy Summary

This policy has been developed to show how Forth Housing Association manage Mortgage to Rent requests and where applicable, progress these through to acquisition.

Equalities

There is no requirement to do a full Equality Impact Assessment.

Privacy

There is no requirement to do a full Privacy Impact Assessment.

Policy Owner

Name: Mareta Greig

Date of Next Review: June 2026

FORTH HOUSING ASSOCIATION LIMITED

MORTGAGE TO RENT POLICY

1.0 Introduction

- 1.1 The purpose of this document is to provide guidance to staff on how to assess the various risks and how to process Mortgage to Rent referrals from the Scottish Government Homeowners Support Fund (HOSF).
- 1.2 The Mortgage to Rent scheme is to assist homeowners who are at risk of having their home repossessed. The homeowner's property would be bought by a Registered Social Landlord (RSL) and the owner would then convert to a social tenant, i.e. continuing to live in the same property as a tenant.
- 1.3 The scheme is funded by the Scottish Government and provides resources to social landlords who participate. Resources are made available on a case-by-case basis and are for the acquisition of the property, where this is necessary to bring the rent down to a level equivalent to that of a social rent, and to meet repair costs. The Scheme also funds the borrower's conveyancing costs and pays for a valuation of the property.
- 1.4 All RSLs statutorily registered with the Scottish Housing Regulator and local authorities that have a landlord function are eligible to participate in the scheme. Other social landlords who fulfil the criteria laid down in the Housing (Scotland) Act 2010, Part 2, section 24, will also be considered.
- 1.5 The HOSF also deal with Shared Equity buy back which is when an owner(s) approaches the Association to purchase their share of the property. The Association would consider each request on a case-by-case basis and assess the financial risks as the purchase would be funded solely by the Association. Please refer to the Shared Equity Policy (HM28) on how to progress these requests.

2.0 Principles

- 2.1 The following principle governs the operation of the policy:

Forth aims to apply principles in line with guidance from the Scottish Government's Homeowners Support Fund by providing a clear understanding on the policy and procedure with a view to acquiring properties, growing stock numbers whilst also balancing financial viability.

3.0 Aims and Objectives

- 3.1 We aim to consider all applications received on a case by case basis taking into consideration future viability, costs and subsidy availability.

- 3.2 We aim to respond to all requests within the deadlines set by the HOSF.
- 3.3 We aim to keep you involved in the process as much as possible whilst a decision is being made.

4 Policy Framework

4.1 Homeowners must meet the eligibility criteria before they are considered for the scheme. This includes meeting all the requirements mentioned below as follows:

- your bank or mortgage lender won't agree to lower mortgage payments.
- you've paid less than your agreed mortgage amount for at least 3 months.
- you're behind by at least the same amount as one monthly payment of your mortgage.
- you can't get help through UK Government support schemes, or you might still lose your home even if you do get support.

All applicants must have obtained financial advice prior to applying. However, none of these requirements apply if the applicant(s) have a trustee who forces the sale of the property and in these instances the applicant will need the trustees written consent to the application.

4.2 Where an applicant is separated from their partner, an application will still be considered by HOSF as long as they remain joint owners. The Scottish Government will not buy out owners and applications can be made so long as:

- both parties agree and sign the application form giving consent.
- one party will still be living in the property.

4.3 An initial assessment is carried out by the HOSF based on the information provided in the application form. If the application is eligible then a detailed assessment will take place. This will include instructing a survey of the property, approaching a social landlord asking them to consider buying the property and a legal and property search to check for any secured debts against the property or Notices of Potential Liability for Costs (NOPLCs).

4.4 Participating social landlords are matched on a geographical basis. The HOSF team will send details of the property address to all participating social landlords in that area. Social landlords should then respond with either an expression of interest or refusal within **two working days**. The responsible officer for any referrals will be the Housing Officer (HO) who shall liaise closely with the Property Officer (PO) and the Finance

Officer (FO). All staff are supported by the Head of Tenant Services (HOTS), or other member of the senior management team.

It is important Forth Housing keep the HOSF team updated of their areas of interest as they will only receive referrals in these areas and in most cases the property will be offered to the preferred social landlord.

- 4.5 Social landlords are not required to participate and do so on a voluntary basis. However, where the social landlord i.e. Forth Housing Association is interested in purchasing the property, a repairs assessment/comprehensive inspection of the property will be undertaken which will consider the merits of purchasing the property. Access to complete this inspection must be given or the application will not be progressed. If following Forth's inspection, we don't believe the survey provided on behalf of the Scottish Government is comprehensive and in line with our inspection, we will contact the HOSF team to discuss further options.
- 4.6 Should the property be financially viable the HO, on receipt of the repairs and life cycle costs will then provide this information and the indicative rent and service charge to the FO. The FO will carry out a financial assessment on the anticipated income and expenditure over 30 years. The FO in accordance with the Treasury Management Policy will arrange possible borrowing facilities for the purchase.
- 4.7 There are two subsidies available:
- (i) A purchase subsidy. The purchase price is the open market value adjusted for the special assumption that the home is improved to the Scottish Housing Quality Standard (SHQS. The purchase subsidy is intended to allow a social rent to be charged on the property. It is a one-off payment that the landlord can put towards the purchase of the property. The purchase subsidy will be the purchase price less the assumed private finance. The purchase subsidy will be capped at 60% of the purchase price. The purchase price is the market value of the property identified in the Single Survey. An administration allowance of £900 is also added.
- (ii) The repairs subsidy is a one-off payment that is available to allow the landlord to bring the property up to a lettable standard. The repairs subsidy is the cost of repairs required to bring the property up to the SHQS (plus the cost of repairs required as a result of gas and electrical checks), and the cost of asbestos checks where necessary, up to a maximum of £8500.
- 4.8 Once the HOSF team have advised of the subsidies available, the RSL, i.e. Forth Housing, need to confirm within **three working days** that they are happy to continue with the sale based on the subsidies offered.
- 4.9 When the financial projections are completed, and following subsidy availability which indicate the property is a viable proposition, the HOTS will prepare a report for the Management Committee to consider the various implications of accepting the referral.

- 4.10 Should the applicants progress to the next stage, the HOSF will issue formal letters to all relevant parties which require to be returned within **ten working days**.
- 4.11 Once the formal letters are returned the case is passed for conveyancing which is likely to take approximately five weeks to complete.
- 4.12 Once the sale goes ahead, the applicant continues to live in the property as a tenant. The applicant is offered a Scottish Secure Tenancy or a tenancy on equivalent terms. The tenancy agreement must begin on the same date the sale of the property completes.

5 Monitoring of the Policy

- 5.1 The Management Committee will review this policy at least every 3 years and staff are responsible for ensuring that it meets legal and good practice requirements.

6.0 Complaints and Appeals

- 6.1 Forth Housing Association welcomes complaints and positive feedback, both of which provide information which helps us to improve our services. We use a complaints procedure developed by the Scottish Public Services Ombudsman (SPSO) and the Scottish Housing Regulator.

The complaints procedure allows for most complaints to be resolved by front line staff within a five day limit (first stage), or if the complaint is complex, a detailed investigation will be made by a manager within a 20 day limit (second stage). At the end of the second stage our response will be made by a director. If the customer remains dissatisfied, he/ she may then refer the matter to the SPSO.

At each stage we will advise the customer how the complaint should be taken forward and advise which agency would be most appropriate to consider the case.

7.0 Equalities

- 7.1 Equality and diversity underpin all our activities and services. When delivering our services, we never discriminate on the basis of sex or marital status, race, disability, age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions such as religious beliefs or political opinions. Full details of our Equalities Policy can be found on our website www.forthha.org.uk or can be obtained from our office.

8.0 Data Protection - Privacy

- 8.1 We recognise the importance of data protection legislation, including the General Data Protection Regulation, in protecting the rights of individuals in relation to personal information that we may handle, use and disclose about

them, whether on computer or in paper format. We will ensure that our practices in the handling, use and disclosure of personal information as part of the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer

9.0 Availability

- 9.1 This policy is available on our website and can be made available in a number of other languages and other formats on request.

10.0 Review

- 10.1 This policy will be reviewed at least every 3 years by the Management Committee and staff are responsible for ensuring that it meets legal and good practice requirements.

Appendix 1 Equality Impact Assessment Screening Questions

Forth Housing Association Ltd Equality Impact Assessment Screening Questions

Mortgage to Rent

Will the implementation of this policy have an impact on any of the following protected characteristics?

- | | | |
|-----------------------------------|------------------------------|--|
| 1. Age | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 2. Disability | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 3. Gender reassignment | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 4. Marriage and Civil Partnership | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 5. Pregnancy and Maternity | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 6. Race | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 7. Religion or belief | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 8. Sex | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 9. Sexual orientation | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

If you have answered 'Yes' to any of these points, please complete a full Equality Impact Assessment. If you have answered 'No', you need take no further action in completing an Equality Impact Assessment

Appendix 2 Equality Impact Assessment Screening Questions

Forth Housing Association - Privacy Impact Assessment

1. A substantial change to an existing policy, process or system that involves personal information

Yes No

2. A new collection of personal information

Yes No

3.. A new way of collecting personal information (for example collecting it online)

Yes No

4. A change in the way personal information is stored or secured

Yes No

5. A change to how sensitive information is managed

Yes No

6. Transferring personal information outside the EEA or using a third-party contractor

Yes No

7. A decision to keep personal information for longer than you have previously

Yes No

8. A new use or disclosure of personal information you already hold

Yes No

9. A change of policy that results in people having less access to information you hold about them

Yes No

10. Surveillance, tracking or monitoring of movements, behaviour or communications

Yes No

11. Changes to your premises involving private spaces where clients or customers may disclose their personal information (reception areas, for example)

Yes No

If you have answered 'Yes' to any of these points, please complete a full Privacy Impact Assessment. If you have answered 'No', you need take no further action in completing a Privacy Impact Assessment.

