



<b>Title of policy:</b>	Rent to Buy Procedure
<b>Version:</b>	1.1
<b>Purpose:</b>	To set out a clearly defined process for dealing with Rent to Buy properties
<b>Updated:</b>	May 2026
<b>Next review:</b>	May 2027
<b>By:</b>	Sarah Fawcett – Head of Development

## 1 Introduction

- 1.1 North Star is committed to meeting the housing needs of people within our communities. This includes some elements of Low Cost Home Ownership (LCHO). Rent to Buy is a form of LCHO.

## 2 The Aim of the Procedure

- 2.1 The aim of this procedure is to set out the roles and responsibilities and various steps involved in delivering the Rent to Buy product.

## 3 Our Commitment

- 3.1 We want to deliver an excellent service to our prospective and existing Rent to Buy customers in fair, responsive and transparent manner.

## 4 What is Rent to Buy?

- 4.1 Rent to Buy is a scheme which allows working households to rent a home at Intermediate Rent, providing them with the opportunity to save for a deposit over a period of 5 years to allow them to purchase their first home:
- 4.2 Rent to Buy is a government scheme which is delivered primarily by Homes England through the Affordable Homes Programme. It is also sometimes a requirement of Local Authorities (LA'S) to be delivered as part of a Section 106 Agreement on privately developed sites.
- 4.3 Rent to Buy must be carried out in accordance with the Capital Funding Guide and delivered by Registered Providers.



## 5 Rent to Buy eligibility criteria

### 5.1 The following criteria applies to prospective applicants:

- To be eligible for Rent to Buy, applicants need to be in a working household. This means at least one person who'll be moving into the property must be in employment.
- The applicant's household income is below the maximum permitted by the scheme - typically around £80,000 a year. A household can be one person, or you and a partner or you and a friend.
- 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.
- Applicants must be able to demonstrate that they can afford the rent now and the mortgage in the future.

## 6 Ways to apply for Rent to Buy

### 6.1 Further information and application packs can be provided in a number of ways including:

- In person at one of our offices.
- In writing:

North Star  
Endeavour House  
St Marks Court  
Thornaby  
Stockton-on -Tees  
TS17 6QN

- By telephone 03000 11 00 11 (local rate number)
- Through our website [www.northstarhg.co.uk](http://www.northstarhg.co.uk) or by emailing our Development Team [DEVGROUP@northstarhg.co.uk](mailto:DEVGROUP@northstarhg.co.uk)
- Via the Rightmove page for the individual property.

## 7 Processing of applications

- 7.1 All available properties for Rent to Buy will be advertised on our Website and through LSL The SO Hub .
- 7.2 All initial enquiries will be processed onto a register of interest by the Development Team.
- 7.3 LSL The SO Hub , on behalf of North Star, will make contact with the enquirer, outlining the Rent to Buy scheme and application process. For those eligible and wishing to proceed with an application, this will then be sent either electronically or in the post along with the Rent to Buy Guide.

- 7.4 Upon receipt of the complete application form, the applicant will receive an email response confirming safe receipt and to inform them that their application is to be sent across to the Independent Financial Advisor (IFA).
- 7.5 The IFA will make contact with the applicant to progress with affordability and eligibility checks. Applications will be dealt with in data order of receipt, though successful applications will be those who provide all of their supporting documents and qualify first.
- 7.6 Successful and unsuccessful applicants will be informed by The Shared Ownership Hub. They are unable to provide guidance and advice on financial matters, therefore any such queries will need to be directed to the IFA.
- 7.7 Applications are made on the information provided within the advert. Viewings of the individual properties will only take place once the applicant has successfully qualified.

## 8 Rent to Buy tenancy

- 8.1 Once the successful applicant has viewed and accepted the property, the Housing Officer will liaise with them to go through the following:
  - Tenancy start date
  - Rent payments
  - Sign up of tenancy
  - North Star services

## 9 Managing the Rent to Buy tenancy

- 9.1 The Rent to Buy tenancy will run for a period of 5 years. During this time, annual financial checks will be carried out by the IFA to ensure that residents are managing their financial path to Low Cost Home Ownership.
- 9.2 After a 12 month period, residents are able to enter into Shared Ownership, if eligible

### Entering into Shared Ownership

Residents who have saved up a deposit and are able to secure a mortgage, but not for the full market value of the property, can apply for Shared Ownership.

To allow the purchase to proceed the resident must have a clear rent account and go through an affordability calculator with the IFA to determine the maximum share that they can afford to purchase. An updated Registered Institute of Chartered Surveyors (RICS) valuation on the property will be carried out at this time. The resident will be expected to cover their own legal costs as well as the cost of the valuation and North Star will cover their own legal costs respectively.

If the valuation of the property has decreased, since the start of the tenancy, North Star have the right to defer the Shared Ownership sale, until the value of the property has met/exceeded the base value within the tenancy agreement.

Residents will then enter into a Shared Ownership Lease Agreement with North Star. During the term of the lease, the resident can staircase at any time to increase the share of the property that they own up to 100%. Upon entering into Shared Ownership, repair costs are shared between the owner and North Star for the first 10 years.

For further details on this, please refer to the Shared Ownership procedure.

9.3 At the end of the 5 year period, residents have the following three options:

#### Purchase the property outright

Residents who have saved up a deposit and are able to secure a mortgage to the full market value can proceed to purchase the property outright. An updated RICS valuation will be carried out at this time and the resident will be expected to purchase the property at this price. If the valuation of the property has decreased, since the start of the tenancy, North Star have the right to defer the sale, until the value of the property has met/exceeded the base value within the tenancy agreement.

To allow the purchase to proceed the resident must have a clear rent account. The resident will be expected to cover their own legal costs as well as the cost of the valuation and North Star will cover their own legal costs respectively. Following the purchase of the property, any future repairs are the responsibility of the resident as the home owner.

#### Enter into Shared Ownership

See section 9.2

#### Convert onto an assured shorthold tenancy at Affordable Rent

Residents who after the 5 year period are unable to purchase the property, will be converted onto an assured shorthold tenancy at an Affordable Rent. Please note, that upon converting to Affordable Rent, this may affect the ability to purchase the property in the future.

## **10. Re letting of a Rent to Buy property**

10.1 Should a Rent to Buy property become vacant, North Star will initially look to relet the property on a Rent to Buy basis, though if this is unachievable, the property will be converted to Affordable Rent.

**Sarah Fawcett**  
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