

# London Living Rent Scheme Policy

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## 1. Introduction

This policy sets out our approach to allocating, letting and the rent to buy element of London Living Rent Scheme properties.

If there is any variance between this policy and a Section 106 agreement or nominations agreement, the Section 106 agreement or nominations agreement will take precedence.

## 2. Scope

This policy applies to Peabody Trust for London Living Rent properties. It does not apply to Town and Country Housing.

It does not cover general housing management for London Living Rent schemes, these are covered by our customer services policies such as repairs, anti-social behaviour and rent collection.

## 3. Key terms and definitions

**London Living Rent (LLR)** an intermediate, affordable housing, rent-to-buy product, with sub-market locally specified rents on time-limited tenancies complying with the requirements under the Greater London Authority (GLA) Affordable Homes Programme.

LLR properties are for middle-income households who want to build-up savings to buy a home through shared ownership. Landlords are expected to actively encourage their tenants into home ownership within ten years. The GLA publishes maximum monthly rents (inclusive of service charge) by number of bedrooms for new LLR homes in every ward in London and updates these figures annually.

The Homes England and GLA Capital Funding Guides set out the rules around allocation, including eligibility and priority. S106 may prescribe other nomination rules which are scheme specific.

**Deposits** – refers to the deposit as a guarantee for damage or other costs incurred. These are held by an independent Deposit Protection Scheme.

**Buyer's Deposit** – refers to the deposit to be paid by you on the purchase of the Allocated Property you intend to buy and being not less than 5% nor more than 10% of the purchase price

**Right to rent** – required checks that a tenant or lodger can legally rent a property. See Gov.UK website for full details.

**Prescribed Information** – information which has to be provided to the tenant/s taking a Deposit. This sets out the details of the scheme.

**Allocated Property** – the property we will offer to you, at our absolute discretion, according to your criteria and eligibility at the relevant time and which may or may not be the premises you are renting from us.

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## 4. Initial eligibility criteria

London Living Rent scheme properties are required to be let according to the eligibility criteria set by the GLA through the Homes for Londoners programme. This requires that the applicant/s have to:

- Live or currently work in London
- Be currently renting a property in London (for example, in the private rented sector) or live in an informal arrangement with family or friends as a result of struggling with housing costs, and not own their own property;
- Have an annual household income under £60,000;
- Be unable to buy a property (including through Shared Ownership) in the local area. This will be assessed by an Independent Mortgage Advisor (IMA) from our approved panel;
- Have the 'right to rent';
- Be over 18 years of age – as this is this is a route to homeownership
- Have a positive credit rating and able to pay the rent at the letting stage without recourse to housing benefit
- Pay rent by Direct Debit
- Be able to save toward a deposit to purchase their home under the shared ownership programme at some point within the life of the tenancy (i.e. within 10 years).

We take account of prospective tenant/s ability to save to purchase the Allocated Property through an affordability assessment. A minimum income will be applied to each scheme using the market rent to establish the gross income required to have reasonable potential to save for a Buyer's Deposit over the tenancy period.

Employment and financial eligibility for the scheme are verified by the applicant/s providing copies of current employment contract and/or payslips.

The applicants must not:

- already own a home or be in the process of buying one;
- have an adverse rental history, for example, rent arrears or damage to a property;
- have a history of bankruptcy, defaults which include late payments, county court judgments (CCJs) or Individual Voluntary Agreements (IVAs)
- be in material breach of their tenancy agreement
- have had their home repossessed in the last 5 years.

## 5. Allocations and lettings

We will allocate the properties on a first come first served basis unless there are multiple applicants for the same property. In that case priority will be given to priority groups, and earliest date of completed application submission which meets our eligibility criteria.

Additional prioritisation is given to:

- Those on the local authority Intermediate waiting list (if one exists)
- Households with a wheelchair user to wheelchair accessible / adapted properties
- Families with children for two and three bed properties

If there is any variance between this policy and a Section 106/nominations agreement, the latter will take precedence.

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All new tenants are issued with a minimum of three-years, the Deposit prescribed information and copy of the Gas Certificate and Energy Performance Certificate.

At the start of the tenancy, tenants must pay one calendar month's rent in advance, plus rent to cover the current month's rent from the date they move in. A Deposit equal to one month's rent, is also paid by the new tenant/s when the tenancy agreement is signed. Deposits are registered with the Deposit Protection Scheme within 30 calendar days of letting the property.

The Deposit Protection Service protects the Deposit throughout the period of the tenancy and repay the funds to the appropriate parties depending on any deductions agreed (see section 8).

Tenant/s are provided with the prescribed information about the Deposit scheme when signing their tenancy agreement.

If the property has not been sold to the tenant/s 10 years from the date of the first tenancy, the property will be marketed for sale as a shared ownership property to eligible applicants.

Rents will be increased in line with rent levels (inclusive of Service Charges) updated by the GLA each year and our Rent Setting Policy. At relet the rent will be rebased to the current levels stated on the GLA website.

### 6. Saving agreement

Tenant/s agree a sustainable monthly savings amount at their initial financial assessment, be expected to save the agreed amount and be able to demonstrate savings. We will provide advice and support throughout the tenancy to help tenant/s save meet the agreed amount.

Throughout the tenancy tenant/s will be:

- Contacted every six months by a member of the Post Sales team to review the tenant/s circumstances and intent of purchasing the Allocated Property;
- Contacted annually, every 12 months from tenancy start date, by an assigned IMA to perform a financial assessment of the tenants' savings for a Buyer's Deposit;
- Required to complete a financial assessment on an annual basis to monitor current financial circumstances including credit rating, income and how much has been saved towards their Buyer's Deposit to buy.

### 7. Tenancy

Tenant/s can give one month's notice to end the tenancy to coincide with the date of the sale exchange or if they are moving out of the property.

We will carry out a tenancy and financial review six months prior to the end of the tenancy.

We reserve the right of terminating the tenancy where the tenant has breached the terms of tenancy or saving agreement.

Assignment of the tenancy may be considered following an initial 12 month period, subject to eligibility to London Living Rent and written consent from Peabody. All the requirements to grant a new tenancy must be met as set out in this policy. We reserve the right to decline any requests.

If the tenant/s purchase the Allocated Property, the Deposit will be refunded at the point of the sales exchange. If the tenant/s move out of the property we will make reasonable deductions from the Deposit to reimburse any cost or loss to us, e.g. caused by property damage or rent arrears.

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We will inform the tenant and Deposit Protection Scheme within 10 working days of the tenancy end date if we intend to withhold part or the whole of the Deposit or to refund in full.

In the event of a Deposit dispute between us and the tenant/s we will refer the matter to the Alternative Dispute Resolution Service. If the matter remains unresolved we will pursue the claim through the court to decide.

### 8. Purchasing the Allocated Property

Tenant/s must meet the Shared Ownership criteria to purchase the Allocated Property. See our Shared Ownership Policy.

### 9. Equality, Diversity and Inclusion

We will treat all applicants fairly and in line with our Equality, Diversity and Inclusion Policy. This includes considering individual and household needs when allocating, renting or selling our homes.

### 10. Legislation and Regulation

Legislation and regulation that applies to this policy includes:

- Housing Act 2004 (Deposit Protection)
- Immigration Act 2014 (Right to Rent)
- Protection from Eviction Act
- Regulator of Social Housing Consumer Standards
- Greater London Authority Capital Funding guide

### 11. Responsibilities

The Regional Head of Sales, Head of Sales Operations and Head(s) of Lettings (Centre of Excellence) are responsible for ensuring that this policy is followed.

The Group Sales Director has responsibility for implementing and ensuring compliance with this policy.

## Approval

<b>Version number</b>	1.0
<b>Effective from</b>	26 <sup>th</sup> March 2024
<b>Policy owner</b>	Lisa Crush, Group Sales Director