Mortgage to Rent Policy

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HAPPY TO TRANSLATE

Last reviewed – July 2026

Version: 1.3

Approval body	Group Governing Body
Date of approval	August 2026
Date of next policy review	August 2029
Customer engagement required	No
Your Voice engagement required	No
Equality Impact Initial Assessment	Yes
Full Equality Impact Assessment	No
Data Protection Risks Assessed	Yes
Health and Safety Risks Assessed	Yes
Sustainability Impacts Assessed	Yes
Procedures Updated	Ongoing
Date Procedures Last Reviewed	April 2021
Data Impacts / IT System Changes Assessed	Yes
Training Needs Assessed	No significant training requirements identified (existing staff knowledge and procedures apply)
Previous Policy Version	1.2
New Policy Version	Version 1.3

Equality Impact Initial Assessment

<table>
<tr><th colspan="3">1. People responsible for carrying out this assessment</th></tr>
<tr><td>Policy Owner:</td><td colspan="2">Head of Investment & Sustainability</td></tr>
<tr><td>EQIA Assessor(s):</td><td colspan="2">Head of Investment & Sustainability, Governance Officer</td></tr>
<tr><td>Name of Policy:</td><td colspan="2">Mortgage to Rent Policy</td></tr>
<tr><td>Date of last EQIA:</td><td colspan="2">April 2021</td></tr>
<tr><th colspan="3">2. Purpose, aim(s) and expected outcomes (including who will benefit):</th></tr>
<tr><td colspan="3">The policy sets out how Caledonia Housing Group participates in the Scottish Government Mortgage to Rent (MTR) Scheme. Its purpose is to prevent homelessness by enabling eligible homeowners at risk of repossession to remain in their homes as tenants of the Group where this provides a sustainable housing solution and represents a responsible investment. The policy may particularly benefit groups who are disproportionately affected by financial hardship and housing insecurity, including older people, disabled people, women (particularly lone parents), and minority ethnic households. The policy also supports the maintenance of sustainable communities and compliance with Scottish Government requirements and guidance.</td></tr>
<tr><th colspan="3">3. Is there a direct impact on people, or how the service is delivered?</th></tr>
<tr><td colspan="3">Yes. The policy directly impacts homeowners applying through the Mortgage to Rent Scheme by determining the circumstances in which the Group will acquire properties and offer Scottish Secure Tenancies. It also influences how the service is delivered through assessment, acquisition and tenancy creation processes.</td></tr>
<tr><th colspan="3">4. Potential impact on diverse communities, customers or groups?</th></tr>
<tr><td colspan="3">The policy may positively affect people with protected characteristics who are disproportionately vulnerable to financial hardship and homelessness, including older people, disabled people, women (particularly lone parents), and minority ethnic households. The policy is applied in accordance with established eligibility and assessment criteria and is supported by the Equality Act 2010 framework referenced within the policy.</td></tr>
<tr><th colspan="3">5. Is there a Positive or Negative impact?</th></tr>
<tr><td>Positive
Negative</td><td>Which groups does it impact?</td><td>Positive impact. The policy helps prevent homelessness, supports housing security and enables households to remain in their existing homes and communities without disruption to any care or support that is in place. It protects family life and community connections. No adverse impacts have been identified at this stage.

Homeowners at risk of repossession; disabled people; older people; families with children; women; minority ethnic</td></tr>
</table>

		households; people experiencing financial hardship; and other households threatened with homelessness.

6. Details of any engagement activities carried out
No specific customer or Your Voice engagement was required as part of the policy review. The policy has been developed in line with Scottish Government Mortgage to Rent guidance and existing operational practice.

7. Overall Impact Rating	
~~Material impact~~	**Non-material impact**

8. Initial Assessment Findings and Recommendation	
Initial Assessment Only - YES	Full EQIA Required - NO

9. Reason(s) for Recommendation
The policy provides a framework for assessing Mortgage to Rent acquisitions and is intended to deliver positive housing outcomes. The policy is applied within the parameters of the Scottish Government Mortgage to Rent scheme and is designed to support fair and equitable access in accordance with relevant equality legislation. No evidence has been identified to suggest that the policy would result in significant adverse impacts on people who share protected characteristics. While the potential for indirect impacts has been considered, these are not considered significant and do not indicate the need for a full Equality Impact Assessment.

Date of Initial Assessment	July 2026

Contents

1.0 Introduction

1.1 Purpose of the Policy

The Caledonia Group comprises of Caledonia Housing Association and its subsidiary partner Cordale Housing Association. This policy sets out how the Group participates in the Scottish Government's Mortgage to Rent (MTR) Scheme and the principles that will be applied when considering the acquisition of properties through the scheme.

The policy supports the prevention of homelessness by enabling eligible homeowners who are at risk of repossession to remain in their homes as tenants of a Registered Social Landlord (RSL), where this represents a sustainable housing solution and a responsible investment for the Group.

1.2 Scope of the Policy

This policy applies to:

- The Caledonia Housing Group
- Applicants whose properties are being considered under the Mortgage to Rent Scheme
- Staff, contractors and professional advisers engaged in the assessment or acquisition process

2.0 Principles, Aims and Objectives

2.1 Policy Objectives

The objectives of this policy are to:

- Support the prevention of homelessness.
- Assist the Scottish Government in delivering the Mortgage to Rent Scheme.
- Ensure acquisitions represent sustainable long-term assets.
- Protect the financial viability of the Group.
- Ensure compliance with Scottish Government guidance.
- Deliver value for money.
- Maintain high-quality housing standards.
- Support inclusive communities and equal access to housing opportunities.

2.2 Legislative and Regulatory Context

The Scottish Government, through the Homeowners' Support Fund, provides assistance to homeowners experiencing financial difficulties who are at risk of having their homes repossessed.

Eligible homeowners may apply to have their property purchased by a Registered Social Landlord (RSL). The proceeds from the sale are used to settle secured debts against the property. Following completion of the transaction, the former homeowner becomes a tenant of the RSL under a Scottish Secure Tenancy.

The Scottish Government administers the scheme and provides grant funding on a case-by-case basis to enable the RSL to charge a social rent and undertake any necessary repairs to the property.

This scheme is known as the Mortgage to Rent (MTR) Scheme. Participation in this scheme is entirely voluntary and does not bind the Group to accept any specific property.

The policy operates within the framework of:

- The Housing (Scotland) Act legislation.
- The Homeless etc. (Scotland) Act 2003
- Scottish Secure Tenancy provisions.
- Scottish Housing Regulator's Regulatory Framework.
- Scottish Housing Charter Outcomes.
- Equality Act 2010.
- Human Rights Act 1998.
- Scottish Government Homeowners Support Fund - Mortgage to Rent Scheme Guidance for Social Landlords.

3.0 Definitions

3.1 Key Terms

Key terms are summarised below:

- **Mortgage to Rent (MTR) -** A Scottish Government scheme that assists eligible homeowners facing repossession by enabling an RSL to purchase their property, allowing the household to remain in occupation as tenants.

- **Scheme 2 Survey -** An independent survey commissioned through the Scottish Government which assesses the condition and value of a property being considered under the scheme.

- **Scottish Secure Tenancy (SST) -** The tenancy granted to eligible households following completion of an MTR acquisition.

- **Project Risk Appraisal -** The Group's assessment of financial, operational, asset management and compliance risks associated with a potential acquisition.

4.0 Policy Statement

4.1 Core Principles and Standards

The Caledonia Group supports the Scottish Government's Mortgage to Rent Scheme and will consider acquiring properties where:

- The acquisition contributes to homelessness prevention.
- The property can be effectively managed and maintained.
- The acquisition represents a sustainable investment.
- The property meets or can reasonably be brought up to, required housing standards.
- Financial risks are appropriate and manageable.
- Public subsidy and private funding requirements can be justified.

The Group recognises that participation in the scheme must balance social benefit with prudent business decision-making. The Group will therefore assess each application individually and reserves the right not to proceed where the acquisition does not satisfy the requirements of this policy.

4.2 Property Assessment Criteria

Properties will normally be considered where:

- They are located within an area where the Group already owns or manages housing.
- They can be maintained efficiently.
- Required repairs are economically viable.
- Long-term asset management outcomes are positive.
- Compliance with current housing standards can be achieved.

The Group may decline properties where:

- Repair liabilities are excessive.
- Future maintenance obligations are unreasonable.
- Significant title, legal or management issues are identified.
- The acquisition presents an unacceptable financial or operational risk.

5.0 Roles and Responsibilities

5.1 Implementation Responsibilities

- **Management Board**
  - Oversight of strategic policy direction and policy approval.

- **Executive Management Team**
  - Exercising delegated authority in accordance with this policy.
  - Reporting decisions to the relevant Governing Body.
  - Reviewing Project Risk Appraisals.
  - Providing strategic oversight of acquisition decisions.

- **Head of Investment & Sustainability**
  - Ownership of the policy and effective implementation.
  - Monitoring performance and compliance.

5.2 Monitoring and Enforcement

The Head of Investment & Sustainability will monitor:

- Number of MTR acquisitions.
- Financial performance of acquired properties.
- Compliance with Scottish Government guidance.
- Emerging risks and lessons learned.

6.0 Procedures

6.1 Process Overview

The Mortgage to Rent process consists of the following stages:

- **Stage 1 – Eligibility Assessment**

  The Scottish Government assesses eligibility and confirms that alternative solutions have been explored, including:

  - Mortgage restructuring/ rescheduling of payments.
  - Downsizing or alternative housing options.
  - Independent financial advice on options available to them.

- **Stage 2 – Initial Consideration**

  Following notification from the Scottish Government, the Group will determine whether the property should proceed to detailed assessment.

- **Stage 3 – Property Assessment**

  The Group will:

  - Review the Scheme 2 Survey.
  - Visit the property and assess condition and repair requirements.
  - Meet with occupiers to explain tenancy rights and responsibilities.

- **Stage 4 – Risk and Financial Appraisal**

  A Project Risk Appraisal will be completed covering:

  - Housing demand.
  - Location sustainability.
  - Discounted Cash flow (DCF) analysis and Net Present Value (NPV) assessment.
  - Proposed rents and Management and Maintenance allowances.
  - Asset performance and regulatory compliance.
  - Funding requirements.
  - Long-term investment value.

- **Stage 5 – Decision**

  The Group will determine whether:

  - The acquisition aligns with policy objectives.
  - Risks are acceptable.
  - Value for money is demonstrated.

- **Stage 6 – Acquisition and Tenancy Creation**

  Where approved:

  - The property acquisition will be completed.
  - Necessary repairs will be undertaken.
  - A Scottish Secure Tenancy will be offered to the household.

6.2 Delegated Authority

The administrative procedures set out by the Scottish Government for the operation of the MTR scheme insist that RSLs make two key decisions within set timescales.

1. The first is that the Association must make a decision ‘in principle’ to consider a potential MTR case within 2 working days of receiving an initial notification.

2. When this has been decided a “Scheme 2 Survey” will be forwarded to the Association. The Association then has 10 working days to:

   - visit the property to make our own assessment of repairs required.
   - speak with the owners to discuss their potential of becoming tenants of the Association.

- confirm to the Scottish Government if the Association intends to proceed to acquire the property.

It is not always possible to make the decisions required to progress MTR cases within the current schedule of governing body meetings therefore authorisation is delegated to the Chief Executive to acquire properties through the Mortgage to Rent scheme.

This authority is delegated on condition that:

- Executive Management Team review.
- Positive Project Risk Appraisal outcomes including a positive Discounted Cash Flow (DCF) and Net Present Value (NPV).
- Evidence of sustainable asset performance.
- Compliance with Scottish Government guidance.
- Satisfactory legal title investigations.

All approved acquisitions will be reported to the next available Governing Body meeting.

6.3 Reference to Procedural Documents

This policy should be read alongside:

- Repairs and Maintenance Policy.
- Mortgage to Rent Procedure
- Data Protection Policy.
- Tenancy Management Procedure.
- Acquisition and Disposal Policy.
- Risk Management Policy.

7.0 Compliance and Enforcement

It is important that all members of staff, in carrying out their duties for the Group, do so in accordance with the Group's policy framework. Our policy framework ensures we comply with laws and regulation, while giving guidance to inform operations and decision-making. Our policies have been designed to be clear and easy to understand and are available on our website and intranet. If any member of staff is unclear as to their responsibilities under this policy, then they should refer to their line manager and / or the policy author for further guidance. A failure to comply with Group policies can have serious consequences for the Group. Should an employee become concerned about serious non-compliance with the policy, they should speak to their line manager or refer to the guidance set out in the Group Whistleblowing policy.

8.0 Review and Revision

8.1 Review Frequency

This policy will be reviewed every three years or earlier where there are changes in legislation or regulatory requirements or where operational issues identify a need for review.

8.2 Responsibility for Updates

Responsibility for reviewing and updating this policy rests with the Head of Investment Head & Sustainability.

9.0 Approval and Effective Date

9.1 Approval Details

Approval Body: Caledonia Management Board
Approval Date: 13 August 2026
Policy Version: 1.3

9.2 Effective Date

This policy will take effect immediately following approval.