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Planning Policy  
North West Leicestershire District Council  
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Date: 12 August 2016

Our Ref: MR M15/0715-72

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email  
consultation  
received 12/08/16  
@ 10 27

Dear Sirs

**RE: NORTH WEST LEICESTERSHIRE LOCAL PLAN PUBLICATION VERSION**

We represent **Rentplus**, a company providing an innovative affordable housing model aimed at delivering discounted rented homes to buy for people who are unable to acquire a property on the open market but also trapped by ineligibility for existing affordable housing tenures.

The Government's consultation on proposed changes to national planning policy (December 2015) explicitly indicated that the affordable housing definition is to be amended to incorporate 'innovative' rent to buy housing. Enclosed with this consultation response is an Affordable Housing Statement by Tetlow King Planning setting out the compliance of the Rentplus model with the NPPF definition of affordable housing and how this should be incorporated into local plans to boost supply and meet local needs. Rentplus schemes have already been delivered elsewhere in England and are providing high quality homes to those whose housing aspirations were not being met by the market. The Council's strategic approach to housing delivery should take into account this innovative model which, with local support, could assist great numbers of local families into home ownership.

The Council's **Policy H4 - Affordable Housing** contains a good general policy for delivering affordable housing policy, but should go further in reflecting current and emerging Government policy. As noted, the definition of affordable housing is expected to change to incorporate rent to buy affordable housing, as well as Starter Homes. The Council should act now to include these tenures so that the local community can benefit from the delivery of rent to buy homes more quickly.

Planning to include these tenures will ensure the Plan more effectively delivers homes to meet not only housing needs but also aspirations. Many of those households on the Council's waiting list are unlikely to be prioritised for social rented or affordable rented properties, but will be eligible for rent to buy housing. As this model bridges the mortgage deposit gap many more households are helped off the housing register and into housing that is appropriate for their long term needs, without the need for Government funding.

The Rentplus model, as set out in the accompanying Statement, also supports local partner affordable housing providers to deliver additional affordable housing and as such should be read as an important addition to the existing supply. Where housing sites are stalled it can also provide a significant boost to viability through the early delivery of Rentplus homes, unlocking existing schemes and improving the overall level of supply in the area.

We propose that the policy be amended to specifically seek the full range of affordable housing tenures across the District, including rent to buy. We recommend that **point 3** is amended to note that:

*"The Council's preference is for on-site affordable housing which should:*

- include a mix of types and tenure that reflects the type and nature of any need and aspiration at the time that the application is determined, considering the full spectrum of affordable housing tenures, including rent to buy and

- *be integrated within the design and layout of a development such that they [are] externally indistinguishable from market housing on the same site."*

We also note that affordable housing can be appropriately secured by condition. The requirement as set out at **point 4** of the policy is not suitable and should be removed. Whilst the use of Section 106 Agreements is the standard method of securing an affordable housing scheme, in our experience many affordable housing providers also find it useful and necessary to have this secured by condition, particularly where alternative funding is being used. We recommend that this section of the policy is amended to state that "*Planning permission will be subject to securing an appropriate scheme for affordable housing*"; there is no need to state by which method as even large scale phased delivery can be secured and managed by condition.

We note also the Council's own aspiration to explore the potential for delivery (as noted at **paragraph 7.35**). A partnership approach with external providers such as Rentplus could be a pragmatic and highly effective manner of delivering homes to meet local needs, as well as ensuring homes are delivered in the areas that most need targeting. Rentplus are willing to enter into a Memorandum of Understanding with the Council to assist in discussing the practical implications of delivering Rentplus homes and to establish a working relationship to provide affordable homes across North West Leicestershire. A meeting with planning and housing officers would be useful to discuss this.

It may be useful to amend the approach to the provision of affordable housing on rural exception sites (at **Policy H5**) to be effective in the long term, and comply with the emerging national policy approach which is supportive of the delivery of rent to buy housing and Starter Homes. In such cases where exception site schemes need cross-subsidy, the provision of Rentplus rent to buy homes would be a more useful alternative to open market housing, as well as fulfilling the requirement of delivering affordable housing to meet local needs. To allow for this we recommend that **point 3** of this policy is amended to state:

*"On sites that are outside of, but well related to, a sustainable village or a small village the inclusion of ~~market housing~~ on 'Exception' Sites of rent to buy affordable housing will be preferred, or alternatively market housing will be supported where..."*

We note in relation to **Policy H6** that the nature of the local housing sub-market and the needs and demands of all sectors of the community will include demand for housing to buy for those households who are unable to raise a mortgage deposit. As Rentplus homes are specifically tailored to those needs and aspirations, it is important that the Council recognise those (often hidden) needs by supporting the delivery of this innovative model which will help local households into home ownership without the need for expensive private rented sector accommodation.

**Point 3** should be removed. The new streamlined technical housing standards system requires the Council to demonstrate a clear need for housing for people with specific housing needs, and to test the viability of implementing any percentage requirement of the optional accessibility standards before adopting a policy on this. The implementation of the optional technical standards can have significant consequences for viability through additional build (and other) costs, and should be robustly tested.

The **Glossary** should also be updated to reflect the emerging national policy, including definition of rent to buy, as set out below:

*"Rent to buy homes: available to rent at a cost no greater than 80% of the local open market rent, including service charge, before being made available to purchase with a discount or gifted deposit."*

The Council will also need to consider the definition of Starter Homes and adapting its policies to reflect this additional tenure.

We would like to be notified of any further consultations both prior to and following submission for examination on the Plan, by email only to [consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk). Please ensure that **Rentplus** is retained on the consultation database, with **Tetlow King Planning** listed as their agents.

Yours faithfully



**MEGHAN ROSSITER BSc (Hons.) MSc MRTPI**  
**PRINCIPAL PLANNER**  
For and On Behalf Of  
**TETLOW KING PLANNING**

**Enc.:** Affordable Housing Statement (**Tetlow King Planning**)  
Rentplus Briefing Note  
Rentplus Model – Compliance (**Ashfords**)  
Rentplus Planning and Policy Review (**Aecom**)

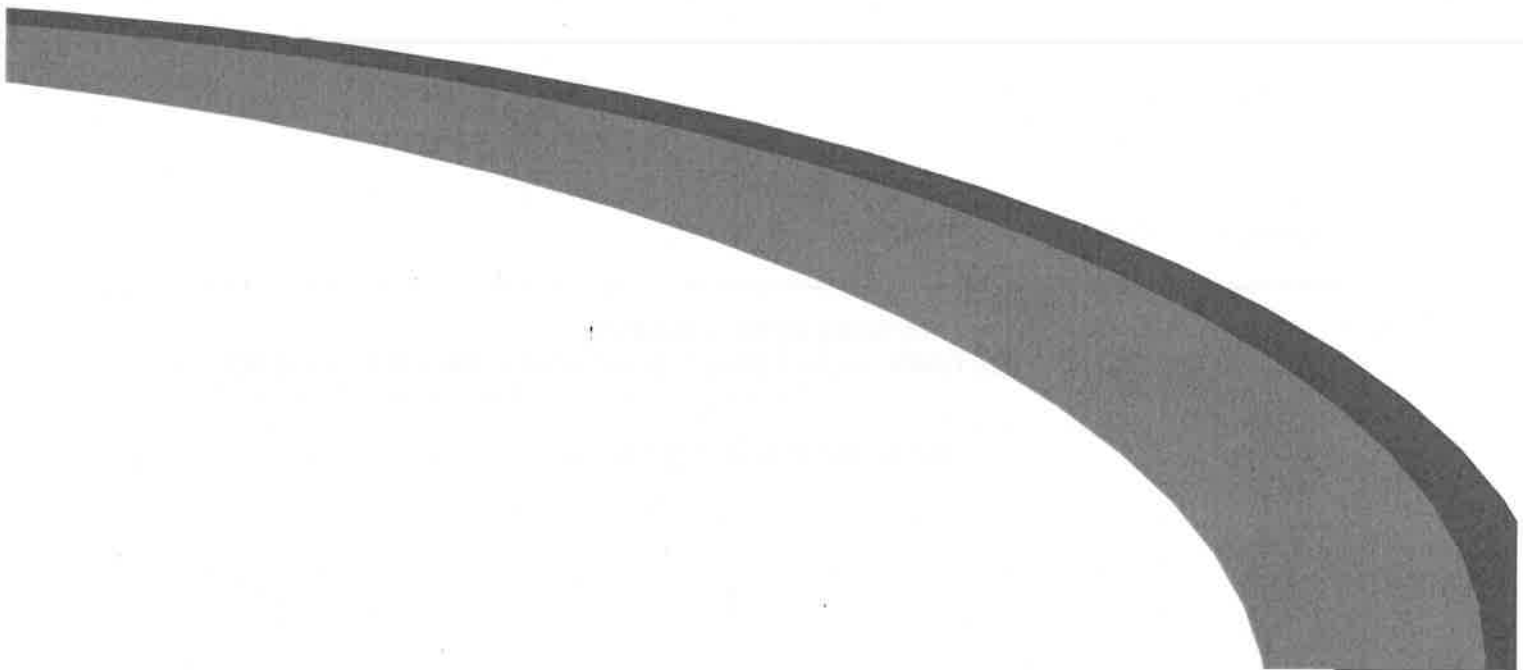
**Cc:** Sue Coulson, Rentplus



# RENTPLUS: AN AFFORDABLE MODEL

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Affordable Housing Statement



# AFFORDABLE HOUSING STATEMENT

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RentPlus

December 2015

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## Contents

### Executive Summary

Section 1	Introduction	1
Section 2	National Planning Policy Framework	3
Section 3	Making the Case for Diversity of Supply	11
Section 4	Rentplus: The Model	29
Section 5	Considering the Definition	31
Section 6	Recommendations	34

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## Executive Summary

George Osborne pledged in his Autumn Statement to “*choose to build the homes that people can buy*”. The pledge to build 10,000 affordable homes to buy that will allow a tenant to save for a deposit while they rent provides explicit Government support for a new model of housing provision, enabling working households to enter the housing market with assistance not already offered.

Rentplus is a new model that seeks to provide a route to home ownership for those households aspiring to home ownership, but unable to afford to save for a mortgage. It is an affordable, privately financed alternative to the private rented sector, providing a managed route to home ownership in collaboration with housing associations. The delivery of Rentplus will be managed through S106 agreements tailored specifically to the product, and can act as a catalyst for bringing forward stalled developments.

The Government has stated its intention to diversify the form of affordable housing being delivered to meet the needs of those families aspiring to home ownership. This report confirms that the model conforms to the definitions of affordable housing, as set out in the Annex to the NPPF, by providing a hybrid product spanning affordable rent and intermediate affordable housing. As a product complementary to those models of affordable housing already being provided by housing associations, Rentplus will contribute to the NPPF's aims of boosting housing supply and creating mixed and balanced communities.

This report describes the significant shortfall in affordable housing nationwide and the steady decline in the availability of grant funding over the past decade. Together with the rent reductions to housing associations taking effect from April 2016, it is likely that affordable housing delivery from this sector will be constrained, and so it is clear that there remains a need for further assistance in the market. This has been supported by organisations such as Shelter, which in a 2014 report on improving access to housing makes clear that public and private investment will have multiple, stabilising benefits, including reduced welfare dependency. The social benefits for

those aspiring to home ownership but unable to achieve this security whilst trapped in often prohibitively expensive private rented sector accommodation are numerous.

As housing associations come under strain from reduced public funding and rent reductions this new model, which can be delivered quickly and in high volumes with no recourse to public funding, has been explicitly supported by the Government in the Autumn Statement. It should be encouraged on a local level for its clear ability to make a significant contribution to improving lives and communities.

Owing to the fixed period of tenancy at affordable rents for Rentplus dwellings before purchase, households have the ability to save for a deposit on the home they have rented. This offers a new product to those households whose needs are not already met by the market, whilst also diversifying the local housing stock and contributing to the development of mixed and balanced communities. Changes to local planning policy both generally and relative to individual sites should be prioritised to encourage early, accelerated delivery.

The Rentplus product has a wide pool of prospective households for whom saving towards a home purchase is not currently possible due to falling outside eligibility for current affordable housing stock. Rentplus should be considered a route towards a more diverse housing sector by local authorities seeking to provide mixed, balanced communities whilst reducing the number of households on the local housing register. The Rentplus model would make a valuable, NPPF-compliant contribution towards significantly boosting housing supply, and most importantly in meeting need for affordable housing without public sector funding.

# Introduction

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## Section 1

- 1.1 **Tetlow King Planning Ltd.** has been commissioned by **Rentplus** to prepare this Affordable Housing Statement to accompany its promotion of a new affordable housing model aimed at delivering discounted rented homes to buy for people who are unable to acquire a property on the open market. This report sets out Tetlow King Planning's expertise and credentials in the field of affordable housing, and confirms our professional opinion that the Rentplus model fully meets the need for affordable housing.

### **Who We Are: Qualifications and Experience**

- 1.2 Tetlow King Planning Ltd. is a town planning and housing consultancy, co-founded by the current Chairman, Robin Tetlow, in 1985. Over the past 30 years the company has accumulated specialist expertise in affordable housing, becoming acknowledged leaders in the field.
- 1.3 Tetlow King Planning Ltd. provides strategic and detailed advice to inter alia housing associations, developers, landowners and investors on numerous sites and developments located throughout the UK. The company has been retained more generically by national research organisations, such as the Joseph Rowntree Foundation, representative/trade organisations, such as the National Housing Federation, professional institutions, such as the Royal Institution of Chartered Surveyors and government/ government related organisations, such as the Housing Corporation/ Homes and Communities Agency. The company is also regularly employed by local authorities.
- 1.4 The principal individual authors of this report have provided expert evidence to courts of law, tribunals and to parliamentary committees and groups; and appeared nationwide at Regional Planning Guidance, Regional Spatial Strategy and Structure Plan examinations in public, Local Plan / Unitary Development Plan inquiries and Local Development Document public examinations.
- 1.5 The principal individual authors of this report have also provided expert evidence extensively at S77/S78 inquiries, including many relating to planning appeals and called-in applications of regional and national significance.

- 1.6 Since the inception of the National Planning Policy Framework in 2012, Tetlow King Planning's input on the need for and the provision of affordable housing as part of planning application and appeal proposals has become of even greater importance in demonstrating the social and economic benefits of developments which decision makers are obliged to weigh in the overall planning balance.

**This Report**

- 1.7 The report comprises six sections, setting out the national planning policy framework; the evidence calling for a more diverse affordable housing sector; the proposed affordable housing model; how we consider this fits within the planning definition of affordable housing; and our recommendations for how this can best be utilised to help meet diverse housing needs.

# National Planning Policy Framework

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## Section 2

### **Affordable Housing as a Material Consideration: Historic and Legal Context**

- 2.1 The importance of affordable housing as a material consideration has long been established, originating from PPG3 (1992). A community's need for affordable housing is a material planning consideration which may properly be taken into account in formulating development plan policies; authorities may also seek to negotiate with developers for the inclusion of an element of affordable housing in new schemes and it is Government policy that this approach is appropriate on-site unless off-site provision or a financial contribution can be robustly justified. Where there is a policy as to the provision of affordable housing in the development plan, the willingness of a developer to include an element of such housing in accordance with the policy will be a material consideration. The essence, however, is **reasonable flexibility**; policies should not seek to impose a uniform quota on all developments, regardless of market or site conditions.
- 2.2 As set out in Section 38(6) of the Planning and Compulsory Purchase Act 2004 and the National Planning Policy Framework (NPPF, 2012), where an adopted or approved development plan contains relevant policies an application for planning permission or an appeal should be determined in accordance with the plan unless material considerations indicate otherwise. Account can also be taken of policies in emerging development plans which are going through the statutory procedures towards adoption or approval; the weight to be attached depends upon the stage of plan preparation and the nature of representations relative to particular policies. Most adopted or approved and emerging development plans now include policies on affordable housing. Furthermore affordable housing can be regarded as a '*material consideration*' in its own right as per the provisions of the NPPF and other Government advice. Supplementary Planning Documents and Housing Strategies may also be '*material*' subject to the level of public consultation and the extent to which they are broadly consistent with development plan policies.
- 2.3 The importance of affordable housing has been reflected in a number of court cases including *Mitchell v Secretary of State for the Environment and Another* (1994); *ECC Construction Limited v Secretary for the Environment and Carrick District Council* (1994); and *R v Tower of Hamlets London Borough Council, ex parte Barratt Homes*

*Ltd* (2000). Of particular relevance is the case of *Harry Rowlinson and Lynda Rowlinson as Trustees of the Linson Construction Pension Fund v Warrington Borough Council and the Department of Transport, Local Government and the Regions* (2002).

- 2.4 In this case, the Inspector had concluded that the opportunity to provide 100 affordable dwellings to address unmet need for affordable housing across the Warrington Borough Council area provided an overriding justification for immediately releasing a substantial Greenfield site at Lymm, with a capacity for approximately 200 dwellings, on the edge of the settlement. In reaching this conclusion, the Inspector had weighed other facets of PPG3, in particular the sequential approach towards site selection. This decision was challenged by Warrington Borough Council, with the consent of the Secretary of State.
- 2.5 The High Court initially quashed the Inspector's decision but the Court of Appeal subsequently upheld it, with leave to appeal to the House of Lords refused. Paragraph 45 of the Court of Appeal judgement concludes that the Inspector's reasoning was perfectly clear:

*"The provision of affordable housing is a material planning consideration. His assessment was that the assessed need for affordable housing was not likely to be met in the foreseeable future and meeting it was a compelling material consideration in the proposals favour which outweighed the general principle of sequential approach to development land."*

- 2.6 In a more recent case, of *Oadby and Wigston Borough Council v CLG and Bloor Homes Limited* (2015) the Council sought to challenge the grant of permission at appeal for up to 150 dwellings at Oadby. The Council brought the challenge on the ground that the Inspector failed in his assessment of the full objectively assessed need for housing. The claim failed, and the application to quash the decision was dismissed on the grounds that the Inspector had not failed in his decision making. . In this case the local planning authority's Strategic Housing Market Assessment (SHMA) had confirmed that private rented sector housing is not affordable housing, however the local authority had sought to rely upon this sector for meeting the shortfall in affordable housing provision to satisfy the full objectively assessed need. The decision reinforces the principle that private rented accommodation does not fall within the definition of affordable housing.

## National Planning Policy Framework (NPPF, 2012)

- 2.7 The National Planning Policy Framework (NPPF) is a material planning consideration, central to setting out the role of affordable housing in the planning and decision making process. The delivery of sustainable development, encompassing social, economic and environmental roles, is at the heart of the NPPF; the paragraphs below set out the key points in relation to affordable housing.
- 2.8 Fundamental to the social role is *“supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations”* (paragraph 7).
- 2.9 Paragraph 8 is clear that these roles *“should not be undertaken in isolation, because they are mutually dependent”*. Therefore, to achieve sustainable development, economic, social and environmental gains should be sought jointly through the planning system.
- 2.10 In pursuit of sustainable development paragraph 9 notes the importance of *“widening the choice of high quality homes”*.
- 2.11 Paragraph 14 sets out a presumption in favour of sustainable development, stating:  
*“at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision taking.*
- For decision taking this means:*
- *Approving development proposal that accord with the development plan without delay; and*
  - *Where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:*
    - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*
    - *specific policies in this Framework indicate development should be restricted.”*
- 2.12 Paragraph 17 sets out 12 core principles which underpin both plan making and decision taking. These include that planning should:

- *“be genuinely plan-led, empowering local people to shape their surroundings, with succinct local and neighbourhood plans setting out a positive vision for the future of the area. Plans should be kept up-to-date, and be based on joint working and co-operation to address larger than local issues. They should provide a practical framework within which decisions on planning applications can be made with a high degree of predictability and efficiency;*
- *not simply be about scrutiny, but instead be a creative exercise in finding ways to enhance and improve the places in which people live their lives;*
- *proactively drive and support sustainable economic development to deliver the homes, businesses and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities;*
- *... actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling and focus significant development in locations which are or can be made sustainable; and*
- *take account of and support local strategies to improve health, social and cultural well being for all, and deliver sufficient community and cultural facilities and services to meet local needs.”*

2.13 There is a clear emphasis on supporting enterprise, including the statement at paragraph 19 that planning *“should not act as an impediment to sustainable growth”*, and at paragraph 21 that investment in business *“should not be over-burdened by the combined requirements of planning policy expectations”*.

2.14 Section 6 sets the Government’s agenda for delivering a wide choice of high quality homes. Paragraph 47 clearly sets out the Government’s aim to *“boost significantly the supply of housing”* through a number of methods. Local Planning Authorities (LPAs) should *“use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing”* and identify and update annually a five year supply of housing.



- 2.15 The NPPF is clear that delivering sufficient housing is a key consideration for LPAs; and in particular that this should widen opportunities for home ownership and create sustainable, inclusive and mixed communities. LPAs should:
- *“plan for a mix of housing based on current and future demographic trends, market trends and the needs for different groups in the community (such as but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
  - *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
  - *where they have identified that affordable housing is needed, set policies for meeting this ... and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”* (Paragraph 50)
- 2.16 The section on plan-making emphasises the need for LPAs to reflect the vision and aspirations of local communities in Local Plans (paragraph 150), and for Plans to be aspirational but realistic (paragraph 154). Opportunities should be sought to achieve the economic, social and environmental dimensions of sustainable development, and net gains across all three.
- 2.17 The NPPF is clear that LPAs should have a *“clear understanding of housing needs in their area”* by assessing *“their full housing needs”* (paragraph 159) through a Strategic Housing Market Assessment (SHMA). This should *“identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period”*, including *“the need for all types of housing, including affordable housing.”*
- 2.18 Paragraph 173 states that Plans should be deliverable, with developments not subject to *“such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs ... [should] provide competitive returns to a willing land owner and willing developer”*.
- 2.19 The NPPF encourages a positive and proactive approach to the delivery of development through positive decision-taking. Paragraphs 186 and 187 indicate:
- “Local Planning Authorities should approach decision-taking in a positive way to foster the delivery of sustainable development. The relationship between decision-*

*taking and plan-making should be seamless, translating plans into high quality development on the ground.*

*Local planning authorities should look for solutions rather than problems, and decision-takers at every level should seek to approve applications for sustainable development where possible. Local planning authorities should work proactively with applicants to secure developments that improve the economic, social and environmental conditions of the area."*

2.20 The NPPF also notes that planning conditions and obligations should be used to address unacceptable impacts or otherwise unacceptable development. Planning obligations should only be sought where they "meet all of the following tests:

- *necessary to make the development acceptable in planning terms;*
- *directly related to the development; and*
- *fairly and reasonably related in scale and kind to the development"*

2.21 **Annex 2: Glossary** defines affordable housing for planning purposes as follows:

*"Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

*Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.*

*Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*

*Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition*

*above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.*

*Homes that do not meet the above definition of affordable housing, such as 'low cost market' housing, may not be considered as affordable housing for planning purposes."*

### **National Planning Practice Guidance (PPG)**

2.22 The Planning Practice Guidance (PPG) was first published in 2014 to complement the NPPF in providing guidance on its practical implementation. The PPG is an online-only resource divided into 47 sections. The principal section relevant to this statement is the section entitled *Housing and economic development needs assessments*.

2.23 The guidance is clear that there should be an objective and unconstrained assessment of the total housing need. It states:

*"The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

2.24 A methodological approach is set out for assessing housing need. Councils are required to take into account under-supply and worsening affordability of housing, with assessments needing to reflect past under delivery of housing. Affordability is highlighted as a key factor in assessing overall housing targets.

2.25 Under the heading *How should plan makers respond to market signals?* the guidance states that *"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."*

2.26 It goes on to state:

*"Assessing affordability involves comparing house costs against the ability to pay. The ratio between lower quartiles house prices and the lower quartile incomes or earnings can be used to assess the relative affordability of housing. The Department*

*for Communities and Local Government publishes quarterly the ratio of lower quartile house prices to lower quartile earnings by local authority district.”*

- 2.27 Other factors to be considered are land prices, house prices, rents, rate of development and overcrowding.
- 2.28 The Viability section of the PPG notes that Local Plans’ visions for an area should *“not undermine ambition for high quality design and wider social and environmental benefit”* (Paragraph: 001 Reference ID: 10-001-20140306).
- 2.29 The Government introduced the Starter Homes model through a new section in the PPG. This enables exception sites to come forward specifically to meet the housing needs of first time buyers through the provision of below open market value homes. This product is to be delivered on under-used or unviable industrial and commercial land not currently identified for housing. The Government encourages LPAs to make these sites exempt from affordable housing and tariff-style contributions. The introduction of this model shows the Government’s clear intention to widen the availability of home ownership through more affordable models of delivery.

### **Summary**

- 2.30 Over the past 30 years, the need for affordable housing has been recognised as being integral to the planning system. A consistent thread has run through various policy documents, with the need now firmly stated in the NPPF and the PPG.
- 2.31 The Courts have confirmed that affordable housing is capable of being a compelling material consideration in the determination of planning applications, the weight attached to any material consideration being at the discretion of the decision maker.

# Making the Case for Diversity of Supply

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## Section 3

### Introduction

- 3.1 This section highlights those reports and statements from Government that define the case for a diversity of affordable housing supply to meet the full range of housing needs, as required by the NPPF and PPG. This encompasses reports from Government departments, including CLG and HM Treasury, leading think tanks, and respected charities such as Shelter.

### Government Statements

#### George Osborne MP, Chancellor of the Exchequer, Autumn Statement (25 November 2015)

- 3.2 In his Autumn Statement, George Osborne verbally pledged:

*“For another of the great social failures of our age has been the failure to build enough houses. In the end Spending Reviews like this come down to choices about what your priorities are. And I am clear: **in this Spending Review, we choose to build.***

***Above all, we choose to build the homes that people can buy. For there is a growing crisis of home ownership in our country. 15 years ago, around 60% of people under 35 owned their own home, next year it’s set to be just half of that. We made a start on tackling this in the last Parliament, and with schemes like our Help to Buy the number of first time buyers rose by nearly 60%. But we haven’t done nearly enough yet. So it’s time to do much more. Today, we set out our bold plan to back families who aspire to buy their own home.***

*First, I am doubling the housing budget. Yes, doubling it to over £2 billion per year. We will deliver, with government help, 400,000 affordable new homes by the end of the decade. **And affordable means not just affordable to rent, but affordable to buy.** That’s the biggest house building programme by any government since the 1970s. Almost half of them will be our Starter Homes, sold at 20% off market value to young first time buyers. 135,000 will be our brand new Help to Buy: Shared Ownership which we announce today. We’ll remove many of the restrictions on*

shared ownership – who can buy them, who can build them and who they can be sold on to.

... So this Spending Review delivers: A doubling of the housing budget. 400,000 new homes; with extra support for London. Estates regenerated. Right to Buy rolled-out. Paid for by a tax on buy-to-lets and second homes. **Delivered by a government committed to helping working people who want to buy their own home. For we are the builders.**”

3.3 Most importantly, the written statement clarifies the Government’s:

“...**Five Point Plan for housing to:**

1. **Deliver 400,000 affordable housing starts by 2020-21, focussed on low cost home ownership. This will include:**

- ... **10,000 homes that will allow a tenant to save for a deposit while they rent.** This will be in addition to 50,000 affordable homes from existing commitments

The scale of this programme of house building will require all sectors to play a role in delivery. **As a result, the government will remove constraints that prevent private sector organisations from participating in delivery of these programmes, including the constraints to bidding for government funding.**” (Underlining added)

#### **Prime Minister’s Questions (25 November 2015)**

3.4 The Prime Minister, David Cameron MP set out his support for a greater supply of affordable homes to buy during Prime Minister’s Questions:

“**Maria Caulfield (Lewes) (Con):**

Many of my constituents come to my surgery desperate to be able to own their home. Many of them are on a low income and they recognise that a monthly mortgage payment will be significantly lower than their current monthly rental payments—sometimes it will be up to 50% lower. Does my right hon. Friend therefore share the excitement of many of my constituents about the starter homes initiative contained in the Housing and Planning Bill, which will see affordable housing lower the monthly outgoings of many people in this country?

**The Prime Minister:**

I do share my hon. Friend’s enthusiasm for that. Clearly, there are lots of individual interventions we can make, such as Help to Buy, which has put buying homes within the reach of many more people by reducing the deposits they need. **We can help**

*people to save, which we do with our Help to Buy ISA, whereby we are contributing every time people make a saving. **But the biggest contribution we can make is by building more houses**, which we are going to be doing during this Parliament, and, crucially, by maintaining a strong, secure and stable economy with low interest rates, so that people can afford to take out a mortgage.”*

**DCLG Statement (25 November 2015)**

- 3.5 In a separate statement on its website, the Department for Communities and Local Government announced as part of its settlement at the Spending Review 2015:

*“The government will double the housing budget from 2018 to 2019 to deliver at least 400,000 affordable homes [over this Parliament] including 200,000 Starter Homes, 135,000 new Help to Buy Shared Ownership homes and **10,000 Rent to Buy homes.**”*

- 3.6 In these statements the Government at the highest levels has set out its explicit support for the affordable Rent to Buy model being offered by Rentplus.

**Impact of Social Rent Changes on the Delivery of Affordable Housing (Minister of State for Housing and Planning Brandon Lewis MP, 9 November 2015)**

- 3.7 The Minister wrote to all local authorities to ask that a more flexible approach is taken to S106 agreements and negotiations on tenure mix. In this letter he notes that following the announcement of rent reductions some approved or emerging schemes:

*“are not being built out at the anticipated rate. Delay risks planned homes not coming forward and the ability of councils being able to demonstrate a five-year supply of deliverable housing land”.*

- 3.8 Whilst the ability to renegotiate S106 agreements is already in place, the Minister has used this letter to encourage local authorities to:

*“respond constructively, rapidly and positively to requests for such renegotiations and to take a pragmatic and proportionate approach to viability.”*

- 3.9 The letter specifically asks that local authorities expedite negotiations where simple adjustments to tenure mix are proposed, without the need for full open book viability appraisals. In circumstances whereby the overall amount of affordable housing is proposed, the Minister is encouraging the “minimum amount of viability information

necessary" to be sought. The letter also indicates that CLG will produce guidance on cascade mechanisms for S106 agreements to encourage flexible arrangements.

**Greg Clark MP, Secretary of State for Communities and Local Government**

- 3.10 At the Conservative Party Conference on 5<sup>th</sup> October 2015 CLG Secretary of State Greg Clark MP spoke of the need to deliver more housing for those increasingly shut out of home ownership:

*"... the opportunities that our generation took for granted, have been slipping out of reach for the next generation. In the 20 years to 2012, the proportion of 25-34 year olds owning their own homes fell from 67% to 43%. The number of 20-34 year olds living with their parents increased by two thirds of a million. ...*

*Through Help to Buy, the number of first time buyers has not only increased, it has doubled. We're building more affordable homes than for twenty years and we built more council homes in five years than the last Labour government built in 13 years. But now we must go further. We must build the homes that we need to close that housing deficit that we inherited ...*

*Most people in our country want to own their own home. For years governments have talked about affordable homes but in my view, not enough of them have been affordable homes to buy. I want us to put that right. I want us to build many more homes and I want to build homes that people can buy as well as rent. Shared ownership homes, starter homes for young people. **Now, homes for rent will always have a role. But why should signing a tenancy agreement mean signing away your aspirations to become a homeowner?"***

**'David Cameron vows to scrap requirement to build affordable homes for rent' (Guardian, 7 October 2015)**

- 3.11 In advance of the Prime Minister's speech to the Conservative Party Conference, the Guardian trailed its content in an article, stating that David Cameron's speech would promise to "*tear up planning rules*" in an effort to encourage more housebuilding specifically for first time buyers. One of the key reforms announced in the article would be a change to the planning definition of affordable housing to include "*not just properties for rent*" but affordable homes to buy:

*"Officials said the changes to the planning rules will mean it is possible to lever in billions of private sector development in low-cost housing. ... In future, councils, as*



*part of the section 106 agreements they strike with developers, will be instructed to be flexible between rented and owner-occupied properties.*

*The scheme is likely to be popular with developers, who prefer building homes for purchase as they immediately receive income on the property's sale, unlike a rented property that involves a much slower rental income stream spread over as long as 20 years."*

**David Cameron MP, Prime Minister**

- 3.12 The Prime Minister David Cameron MP in his conference speech on 7<sup>th</sup> October said that he wants to turn 'Generation Rent' into 'Generation Buy':

*"But for me, there's one big piece of unfinished business in our economy: housing. A Greater Britain must mean more families owning a home of their own. ... If you've worked hard and saved, I don't want you just to have a roof over your head – I want you to have a roof of your own.*

*In the last 5 years, 600,000 new homes have been built. More than 150 people a day are moving in thanks to our Help to Buy scheme. ... 1.3 million to be given the chance to become homeowners. ... But the challenge is far, far bigger. When a generation of hardworking men and women in their 20s and 30s are waking up each morning in their childhood bedrooms – that should be a wakeup call for us. We need a national crusade to get homes built. That means banks lending, government releasing land, and yes – planning being reformed.*

*... Increasing home ownership means something else. For years, politicians have been talking about building what they call "affordable homes" – but the phrase was deceptive. It basically meant homes that were only available to rent. What people want are homes they can actually own. ...*

*So today, I can announce a dramatic shift in housing policy in our country. Those old rules which said to developers: you can build on this site, but only if you build affordable homes for rent, we're replacing them with new rules: you can build here, and those affordable homes can be available to buy. **Yes, from Generation Rent to Generation Buy**"*

## Other Publications

### Laying the Foundations – A Housing Strategy for England (CLG, 2011)

- 3.13 This document sets out an intention to ‘unblock’ the housing market and tackle the social and economic consequences of the failure to develop sufficient high quality homes over recent decades.
- 3.14 The problems noted in this Strategy and the methods to achieve the ‘unblocking’ include the following:
- A thriving, active but stable housing market that offers choice, flexibility and affordable housing - this is critical to England’s economic and social wellbeing;
  - *“The problems we face are stark”* and have been compounded by the impact of the credit crunch;
  - *“Urgent action to build new homes”* is necessary as children will grow up without the opportunities to live near their family;
  - *“Housing is crucial for our social mobility, health and wellbeing”*;
  - *“Housing is inextricably linked to the wider health of the economy”*; and
  - Fundamental to the whole approach of the strategy is communities (including prospective owners and tenants), landlords and developers working together.
- 3.15 The Strategy proposed an increase in the estimated output of affordable homes between 2011 and 2015 to 170,000 dwellings (from the 150,000 dwellings proposed by the previous Government).
- 3.16 The Strategy also sets out the support needed to deliver new homes and ‘support aspiration’, including ***“including encouraging new private entrants into the social housing market, and considering innovative new approaches to funding affordable housing in the medium term”***. This Strategy gives explicit support for the entry of for-profit providers into the affordable housing market. The ability to charge rents at up to 80% of market levels is encouraged to provide additional financial capacity to:
- “deliver more housing than would otherwise be possible ... reducing the pressure on funding from the taxpayer ... This means that we can ... help a greater number of households experience the benefits of an affordable rented home”.*

- 3.17 The Strategy further states that the entry of for-profit providers adds to the affordable housing sector's diversity and potential financial capacity, as raised by the investment opportunity presented to institutional investors such as pension funds.

**Building the Homes We Need (KPMG and Shelter, 2014)**

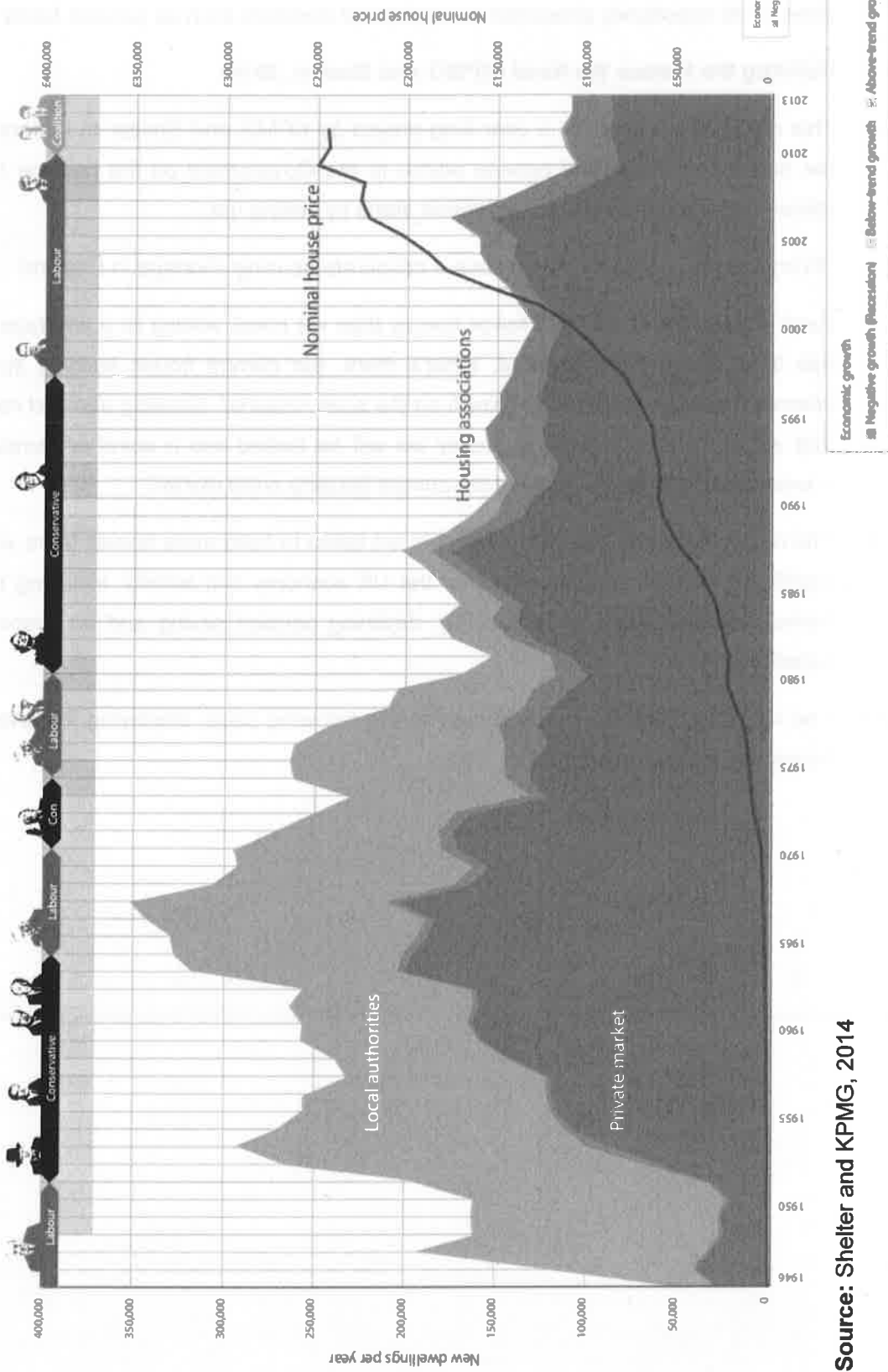
- 3.18 This report is the result of a year-long project by KPMG and Shelter to understand the housing shortage and provide advice to the Government on the housing crisis following the 2008 recession. The report starts by setting out:

*"Everyone now accepts that we have a desperate housing shortage in England.*

*Each year we build 100,000 fewer homes than we need, adding to a shortage that has been growing for decades. What's more, our current house building system seems incapable of delivering growth on the scale required. Growing demand means that without a step change in supply we will be locked into a spiral of increasing house prices and rents – making the current housing crisis worse".*

- 3.19 The report highlights that if firm action is not taken to build more homes there will be significant adverse consequences for the UK economy and society, including rising homelessness, stalled social mobility, declining pension saving and an ever-rising benefit bill.
- 3.20 The report includes the graph shown on the following page, displaying the levels of house building in England since 1946.

Figure 3.1: House building since 1946



Source: Shelter and KPMG, 2014

3.21 This shows four interrelated trends:

- An overall decline in house building since 1946, including two recessionary declines after 1980 and 2007;
- High levels of social housing provision by local authorities until the mid-1970s;
- The growing contribution to affordable housing provision by housing associations since the late 1980s; providing most of the new affordable housing stock but not matching anything like the previous local authority contribution; and
- The gradual increase in the nominal house price through until about 1985 which then grows significantly over the subsequent 30 years.

**Home Truths 2014/15: Broken Market Broken Dreams (NHF, 2014)**

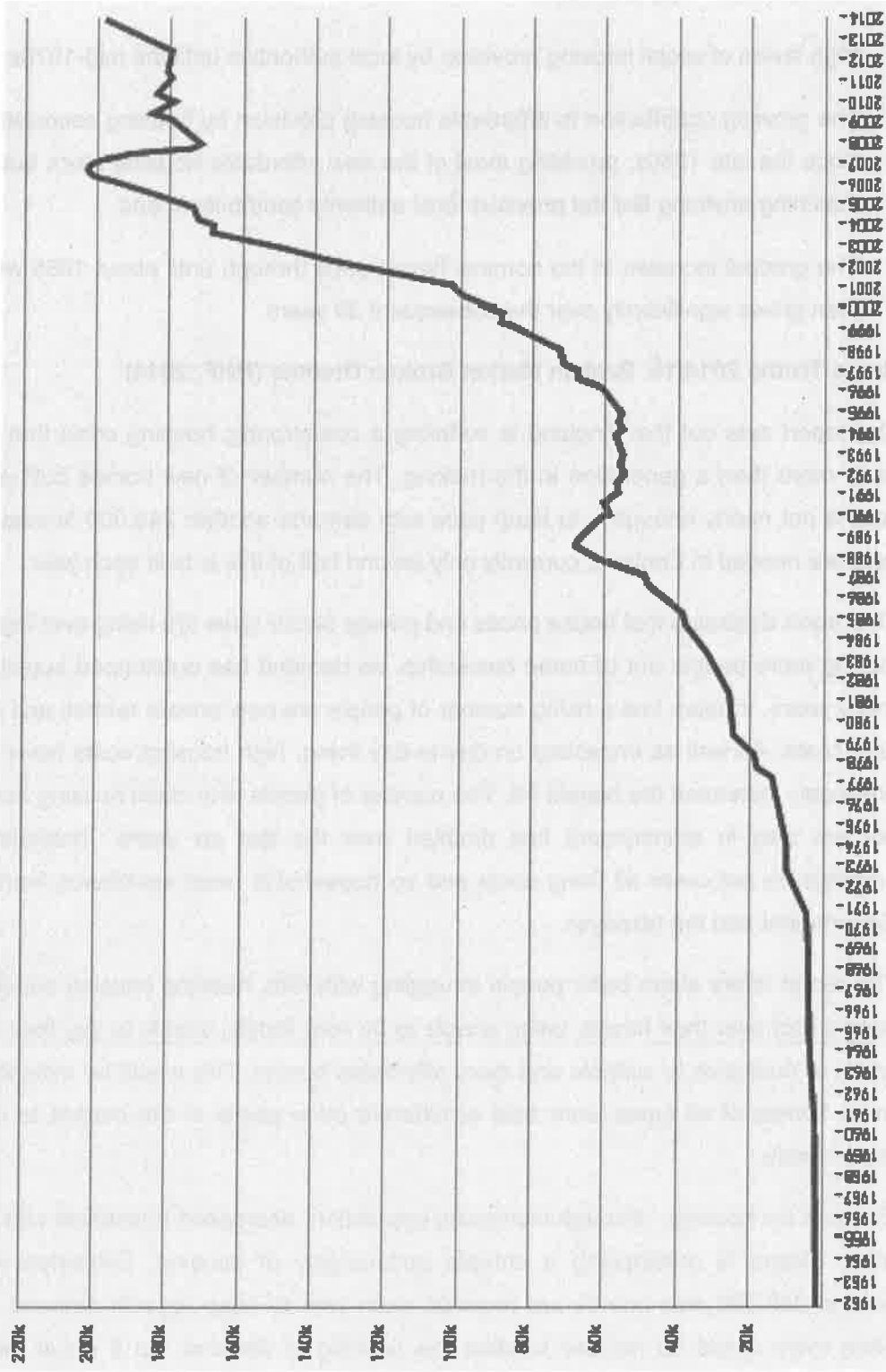
3.22 The report sets out that England is suffering a catastrophic housing crisis that has been more than a generation in the making. The number of new homes built each year is not nearly enough – to keep pace with demand another 245,000 homes per year are needed in England; currently only around half of this is built each year.

3.23 The report illustrates that house prices and private sector rents are rising ever higher, locking more people out of home ownership, as demand has outstripped supply for many years. It notes that a rising number of people are now private renters and face high costs. As well as impacting on day-to-day living, high housing costs have also previously increased the benefit bill. The number of people who claim housing benefit but are also in employment has doubled over the last six years. Increasingly, earnings do not cover all living costs and so households need assistance from the Government and the taxpayer.

3.24 The report offers alarm bells: people struggling with rent, needing housing benefit to keep a roof over their heads, being unable to be near family, unable to buy their own home or downsize to suitable and more affordable homes. This would be mitigated if more homes of all types were built at different price points in the market to meet more needs.

3.25 Demand for housing - through increasing population, decreased household size and other factors is outstripping a chronic undersupply of housing. Estimates show around 245,000 new homes are required each year to keep up with demand, and even more would be needed to clear the backlog of demand. As a result, house prices have more than doubled (after accounting for inflation) in 40 years, as illustrated by Figure 3.2, overleaf.

Figure 3.2: Nominal House Prices in the UK



Source: Home Truths 2014/15: Broken Market Broken Dreams (2014)

3.26 In the 1960s, a home was four and a half times the average salary and within the realms of being attainable with a reasonable deposit. As house prices have risen, wages have not been able to keep up; across the UK the average home now costs almost seven times the average salary, making home ownership largely unattainable for most young people.

**Housing Britain: Building New Homes for Growth (CBI, 2014)**

3.27 This report states that the UK's housing market has not functioned healthily for decades, with an imbalance between the supply of new homes relative to demand being at the centre of this problem. This has created the current situation whereby half the number of houses needed every year has been built over the last decade.

3.28 The report notes that UK house prices have increased 54% since 2004. Housing shortages are also pushing up market rent at a time when forecasts for disposable income remain weak, putting severe strain on household finances and limiting housing choice. This demand gap has inflated the cost of buying or renting a house, making it more difficult for people to join and move within the housing market. Following the 2008 recession, from 2011 UK house prices once more began rising.

3.29 The report notes that the 1.8 million people on local authority waiting lists for social rented properties clearly demonstrate the strong demand for affordable housing from families up and down the country<sup>1</sup>.

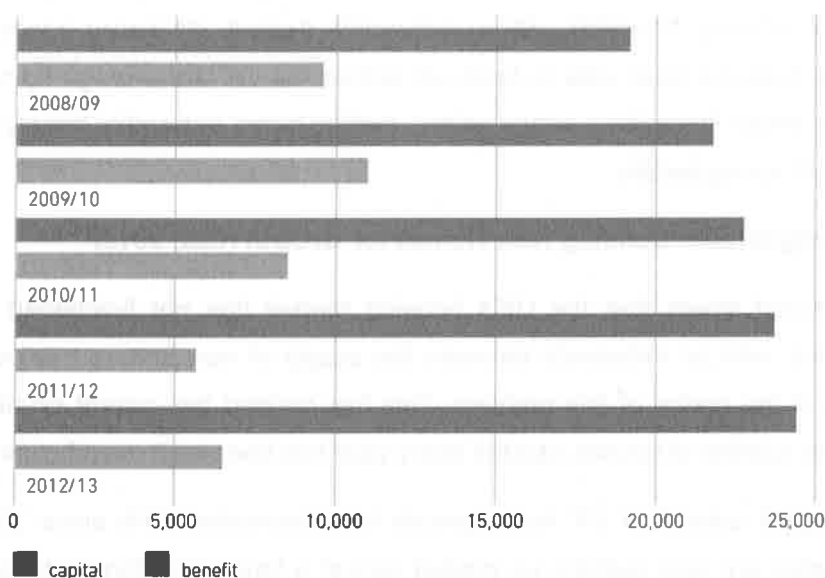
3.30 Figure 3.3 (overleaf) shows the upward trend in levels of housing benefit paid out in recent years, compared to increasingly low levels of capital investment in boosting the housing stock. In 2013 over £24bn was spent on housing benefit in total, whilst just under £6.5bn was used for capital development<sup>2</sup>. Rising government spending on housing benefits is symptomatic of a housing market unaffordable for many people.

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<sup>1</sup> *Improving the Rented Housing Sector*, Department for Communities and Local Government

<sup>2</sup> It should be noted that the Government has implemented rent reductions for housing associations; this may impact overall supply of affordable housing from the sector due to financial capacity being limited.

**Figure 3.3: Housing Benefit and Capital Spend Comparison 2008/09 to 2012/13**



Source: Housing Britain: Building New Homes for Growth (2014)

**In the Mix: The Need for a Diverse Supply of New Homes (Shelter, 2014)**

3.31 In this briefing, Shelter set out the need for a balance of tenures across the housing growth in England, following on from the KPMG and Shelter report described above, at paragraph 3.10. It emphasises the need for a balanced mix of tenures, from a diverse range of funding sources and delivery models “*involving both the private and public sectors*” in order to achieve a more resilient housing stock:

*“...this diversity makes the housing system more productive over the long term by making it more resilient to fluctuations in house prices and less prone to cyclical shocks. Diversity of supply will not only help us to increase supply to 250,000 homes a year, but will help ensure that high levels of output can be sustained over time.”*

3.32 The benefits of this diversity will not only provide longer-term benefits to the economy, but also have wider social benefits:

*“England’s housing crisis has impacted different people in different ways, and no single tenure can offer the best solution for everyone. Each different type of housing plays a different role in the English housing system, catering for different preferences and needs – and we need more of all of them. Just as not everyone needs an intermediate or social rented home, not everyone will be able to afford to buy, even if total housing output is dramatically increased and house prices stabilised.”*

3.33 Shelter note that by building a mix of housing, including intermediate homes, more people’s aspirations to home ownership can be met; a “*better alternative to private*



*renting” may be provided and the “steady rise of in-work housing benefit claimants” can be halted. To achieve the upswing in delivery required (as set out in the earlier KPMG and Shelter report) to achieve a more balanced housing market, the briefing states that there should be a boost to public and private investment in affordable housing. Of the 6 recommendations set out in this briefing, one is for the Government to “explore new forms of intermediate tenure to widen access to intermediate homes, including low share shared ownership and affordable rent-to-buy homes.”*

- 3.34 The briefing notes the national preference for home ownership, as set out in a prior Shelter report<sup>3</sup>, for reasons such as greater stability and control over the home. It also recognises that achieving a significant boost in housing supply is likely to achieve political legitimacy by “the majority of new homes offering a route to some form of ownership”. Research<sup>4</sup> has shown that:

*“66% of private rented are unable to save anything towards a deposit for purchasing their own home ... [the] net result is that fewer people can cross the widening financial gap between renting ... and market homeownership in one leap: if ownership is to be extended to more people a substantial increase in the intermediate options for people who can’t afford to buy a suitable home is needed.”*

- 3.35 Without intervention, many families will continue to be trapped in the ‘insecure’ private rented sector, spending significant proportions of household income on rent. To meet the needs of those households currently priced out of accessing home ownership, Shelter suggest more affordable, intermediate homeownership solutions to be vital to helping those out of private renting and a commensurate reduction in in-work housing benefit claimants. Rent-to-buy offers one solution to these problems.

#### **NatWest Millennials Home Buying Survey (NatWest, June 2015)**

- 3.36 This Survey has shown that of those polled, 69% of young adults (aged 22-30 years old) currently either renting or living with parents believe they will not save enough for a house deposit within 5 years. 44% considered their prospects of buying a home to be more optimistic as a result of the Help to Buy scheme.

#### **Fixing the Foundations: Creating a More Prosperous Nation (HM Treasury, July 2015)**

The Conservative Government’s 2015 Budget launched this report, which seeks to ensure rising living standards and a better quality of life for British citizens. At

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<sup>3</sup> Homes for Forgotten Families (Shelter, 2013)

<sup>4</sup> England’s ‘rent-trap’: just another reason housing is now a top 5 issue for voters (YouGov for Shelter, 2014)

paragraph 9.23 the report commits the Government to delivering 200,000 'Starter Homes' by 2020 at a 20% discount for young first time buyers, confirming this Government's support for models of extending opportunities for affordable home ownership to many more households. **Build to Rent: Funding Britain's Rental Revolution (Addleshaw Goddard and BPF, July 2015)**

- 3.37 This report sets out an overview of the 'transformation' of the housing market in Britain over the past 15 years, in which time homeownership has steadily declined from a peak of 69% in 2001. The private rented sector has grown significantly over the same period, overtaking the social rented sector in providing homes and forecast to provide homes to one in four households by 2020:

*"Growing demand for rented accommodation and the response to this demand from professional investors looks set to change the market, perhaps permanently.*

*... businesses are looking to create new clusters of homes for rent, as long-term investment opportunities. The result has been dubbed Build to Rent".*

- 3.38 The report references research which estimates that Build to Rent could generate over £30 billion of new investment in Britain over the next five years, delivering over 150,000 homes. The report notes the 'dire' need for affordable housing, *"but this must not diminish the need for quality market-rented housing or housing for sale either"*.

**UK Economic Outlook – UK housing market outlook: the continuing rise of Generation Rent (PwC, July 2015)**

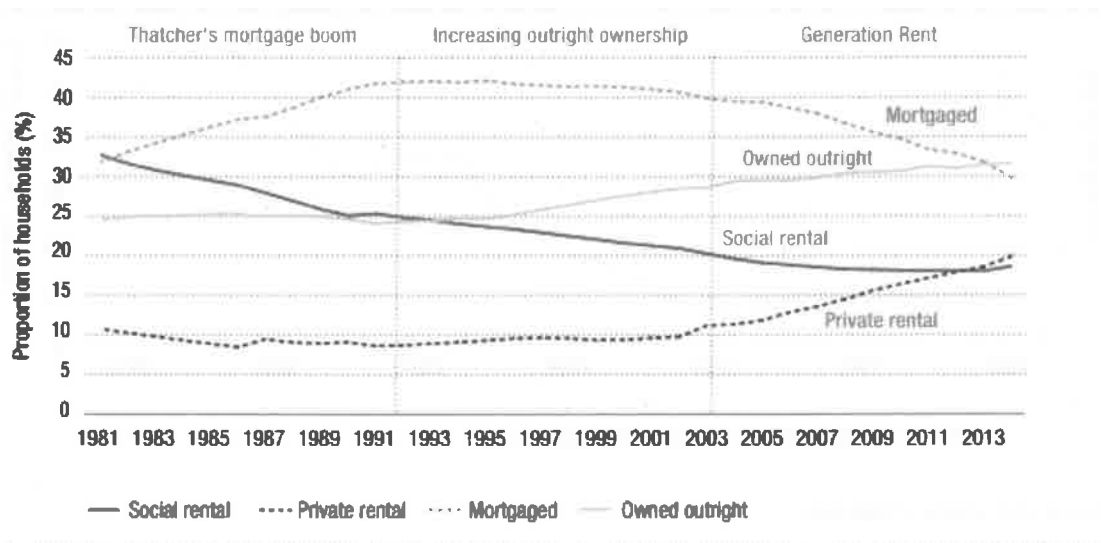
- 3.39 This report notes:

*"As house prices have risen and social housing supply remains constrained, the number of households in the private rented sector has more than doubled since 2001, rising from 2.3 million to 5.4 million by 2014, around 20% of the total. We project that this trend will continue with an additional 1.8 million households becoming private renters by 2025. This would take the total to 7.2 million households – almost one in four of the UK total. The trend is particularly strong in the 20-39 age group where more than half will be renting privately by 2025. The rise of 'Generation Rent' will continue."*

- 3.40 The report also notes the fall in households who own a home with a mortgage (from almost 45% in 2001 to under 30%), linking this with a limited housing supply,

affordability of the housing market and poor mortgage availability. This is shown in the graph, below:

**Figure 3.4:** UK share of households by tenure type (%)



Source: PwC analysis of English Housing Survey, DCLG

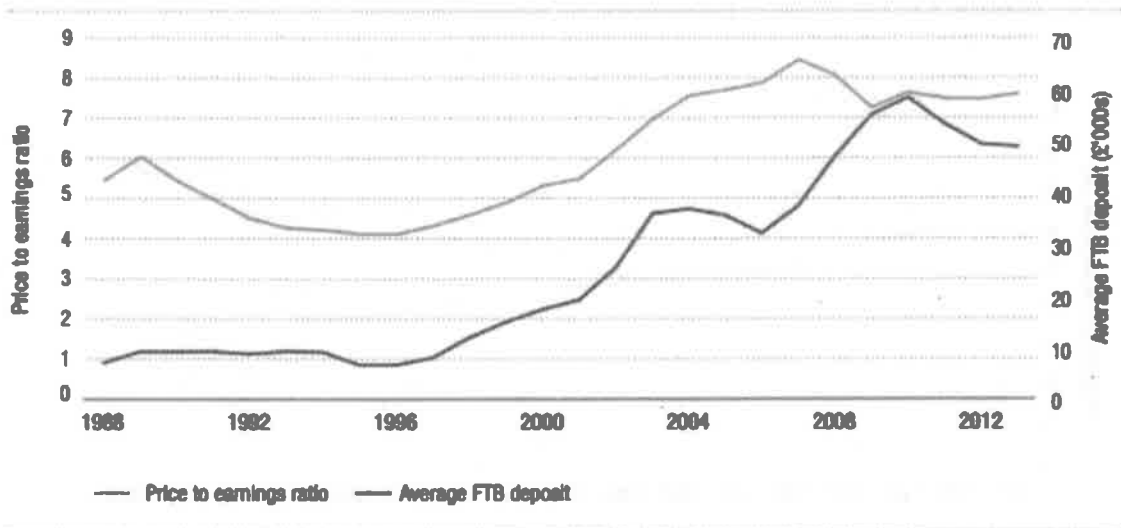
3.41 It adds:

*“A significant rise in the supply of affordable housing might change this in the long run, but seems unlikely to occur fast enough to stem the rise in Generation Rent between now and 2025.*

*... the ability of people to use the mortgage market to make the transition from renting to owning appears to be diminishing, with younger generations having to wait longer to buy in many cases.”*

3.42 The report notes that this affordability crisis, and inaccessibility for many to mortgages, stems from the *“combined effect of rising house prices and lenders withdrawing higher Loan-to-Value mortgages”*. This point is highlighted in the below graph. Average first time buyer deposits have increased almost five-fold, an increase much greater than the growth in average earnings over the same period.

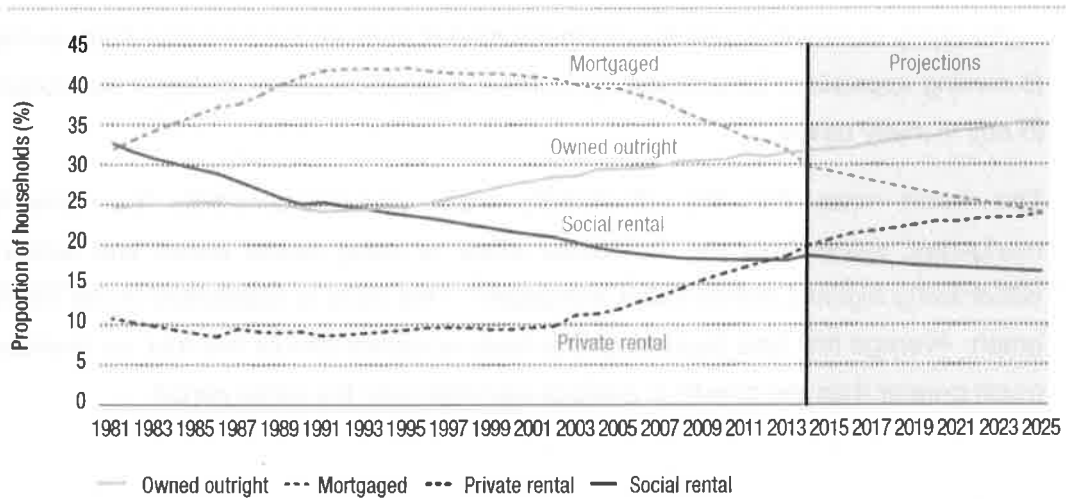
**Figure 3.5:** House price to earnings ratio and average first time buyer deposit, 1988-2013



Source: PwC analysis of ONS data

3.43 The report summarises: *“This trend threatens to lock large segments of society out of the housing market, especially those on middle or low incomes, and who live in higher priced areas”*. Forward projections for housing tenure in this report suggest that current trends will continue (see Figure 3.6, below).

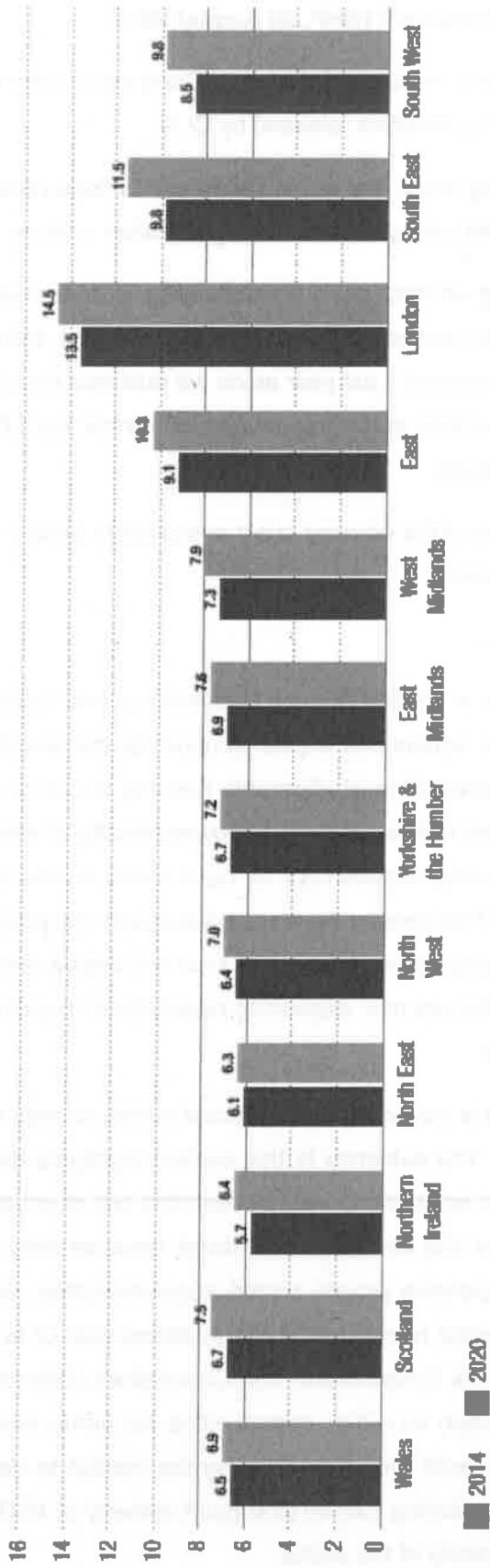
**Figure 3.6:** Projections for UK housing tenure, share of households



Source: PwC analysis, English Housing Survey

3.44 The report also sets out house price projections for the UK regions, indicating that the current difficulties of affordability across the country will continue (see overleaf).

Figure 3.7: Regional average house price to individual full-time earnings ratios



Source: ONS for 2014, PwC main scenario projections for 2020

### **National Housing Federation Statement (NHF, 20 August 2015)**

- 3.45 The National Housing Federation's Assistant Director of Campaigns commented on the May-July 2015 quarter housing statistics released by CLG:

*"Britain is in the grips of a housing crisis, and at the centre of this huge national issue is the fact that we've failed to build enough homes for a generation or more.*

*Today's figures are encouraging as they show housebuilding is at its highest level since 2008. However, we need to continue to increase our efforts as a nation to build the homes that are desperately needed. Last year alone we built less than half of the homes needed, pushing house prices and home ownership further out of reach for millions of families and young people.*

*... We want to work together to end the housing crisis and provide quality affordable homes to everyone who needs them."*

#### **Summary**

- 3.46 The Chancellor of the Exchequer in his first Autumn Statement of this Parliament and the Prime Minister during PMQs announced explicit support for the development of affordable homes to buy. The recognition of affordable housing to buy in helping to resolve the nation's housing crisis follows on from a growing wealth of evidence that demonstrates a clear and pressing requirement to build more homes to meet a significant level of unmet need. The Minister for Housing and Planning, Brandon Lewis MP, has also recently expressed his support for local authorities taking a more flexible approach to negotiating tenure mix, expediting negotiations in order to speed up delivery of affordable housing.
- 3.47 The need for affordable housing is not solely met by social rented homes, which only meet the needs of the poorest. The evidence in this section highlights the ability of more affordable homeownership solutions to help households out of private renting. Those who cannot yet afford to buy on the open market because they are either trapped by poor quality and expensive private rented accommodation, or have not yet been able to leave the parental home due to the inhibitive cost of buying have had their needs recognised by this Government. The Chancellor's Statement clearly signals this Government's intention to widen opportunities for home ownership by removing barriers to private for-profit providers entering the market to deliver more affordable homes – specifically including £200m to support delivery of 10,000 Rent to Buy homes – and add to the diversity of the sector.

# Rentplus: The Model

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## Section 4

- 4.1 The Rentplus model is aimed at providing an affordable rented home to households until such time as the occupier can afford to purchase the property. In this way it aims to assist those households who cannot currently purchase a house on the open market but who would otherwise not be considered a priority, or qualify for social or affordable rented homes.
- 4.2 The model is essentially one of rent to buy, with a five year renewable tenancy at an affordable rent, managed by a housing association. All dwellings are to be leased to Registered Providers at an affordable rent for up to 20 years; the housing association will be responsible for managing and maintaining the properties. Homes will be sold on a phased basis every 5 years; those homes not sold at year 5 will be re-let to tenants for a further 5 years.
- 4.3 Upon registering interest in a scheme households are assessed on their suitability for a 5, 10, 15 or 20 year tenancy after which it is expected that the home will be purchased at market value. At the time of purchase, the occupier will be gifted 10% of the purchase price as a deposit towards a mortgage by Rentplus.
- 4.4 Rental of the property before purchase will be at the lower of 80% open market rental (including service charge) or Local Housing Allowance (LHA). The household will be supported through the term of their tenancy by the managing housing association to save and increase the deposit to assist the mortgage application. The assured tenancy period also benefits from improving a tenant's ability to prove credit-worthiness.
- 4.5 The Rentplus model aims to improve the ability of purchasers to build a suitable deposit, as well as improving, or creating a good credit rating, by paying a reduced (affordable) rent rather than a private market rent for the duration of the tenancy (as set out at paragraph 4.4, above).
- 4.6 During the period of rental tenancy occupiers can serve notice to vacate a Rentplus unit on one month's notice. Assistance may be sought from the managing housing association to assist in re-housing.

- 4.7 The Rentplus model permits tenants to swap with other tenants who are able to bring forward an early purchase of the unit, to assist those who are unable to purchase the property at the programmed time.
- 4.8 If the property is sold within 2 years of the original occupier purchase then all or a part of the gifted deposit will be repayable to Rentplus on such disposal, subject to a maximum cap of the original sum gifted.
- 4.9 All Rentplus homes are sold after 20 years. If the occupier does not purchase the property then the housing association has the option to acquire the unit, with Rentplus providing a 10% discount on open market value to the housing association. The future use of the unit as any other NPPF compliant affordable property can then be determined by the housing association.
- 4.10 In the circumstances of neither the tenant nor housing association purchasing the property after 20 years, the property is sold on the open market and 7.5% of the net sales proceeds are paid to the Local Authority to reinvest in new affordable housing provision.
- 4.11 A Memorandum of Understanding may be entered into with each individual LPA to seek to replenish the stock of Rentplus homes on a one for one basis, retaining a proportion of the affordable housing stock in the local area.



# Considering the Definition

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## Section 5

- 5.1 This section discusses the model's compliance with the planning definition of affordable housing as in Annex 2 of the NPPF, set out below for ease of reference:

*"Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."*

- 5.2 Affordable rent and intermediate affordable are defined in the Annex as:

*"Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*

*"Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing."*

- 5.3 The Rentplus model is unusual in that it conforms to two of the three definitions of affordable housing, falling under the remit of affordable rent and intermediate for sale at different points of its lifetime. It cannot be considered a social rent product due to the rent falling outside the guideline level of the national rent regime. The definitions set out within the Annex are not prescriptive, but offer a number of different terms within which to describe various affordable tenures and products. The Rentplus model is not unique in this aspect of diverging from the more traditional social rented / intermediate affordable tenures, as there are other models of affordable tenure being delivered by private registered providers across the UK.

- 5.4 The Rentplus model is considered to be a hybrid form of affordable housing. Unlike widely understood shared ownership or shared equity products, in which an initial percentage of the home's value is purchased and rent is paid on the remaining share, Rentplus households have the opportunity to save towards the deposit before purchase of that same home. This is achieved by paying a reduced, affordable rent

during the agreed period of tenancy which is fixed (and secure) for a period of 5 years, the same as currently offered by housing associations for affordable rent units.

- 5.5 As set out in Section 4, the model fixes the rent at an affordable level, being the lower of either 80% below market rent or the Local Housing Allowance (LHA), including service charge. This is strictly in accordance with the definition of affordable rent as defined in the NPPF Annex. The model will be managed by a registered provider to households who are allocated according to local authority priorities through the local housing register or other local mechanisms (such as choice based lettings or Help to Buy agents), further bringing this into compliance with the NPPF definition of affordable rent.
- 5.6 As defined by the Annex, the sale of Rentplus properties will be in line with other intermediate affordable homes, at a cost above social rent. The purchase price will be at the level of open market value, but will effectively be discounted by 10% by the 'gifted' deposit from Rentplus. The model should also therefore be considered a low cost home for sale under the definition of intermediate affordable. This is also comparable with rented properties on which tenants can exercise the Right to Buy through existing legislation.
- 5.7 The NPPF definition includes the provision that affordable housing should *"include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."* Such provisions are secured by the Rentplus model by direct subsidy (in the form of a 10% discount to the Housing Association and 7.5% of net proceeds payable to the local authority upon sale) for future affordable housing. Where a Memorandum of Understanding (MoU) has been agreed Rentplus will, upon the sale of homes, use its best endeavours to invest in new units on a one-for-one basis. Each MoU is to be negotiated on an individual basis with each local planning authority, but is considered an integral part of the product, comparable with the recycling of receipts from shared equity units by housing associations. The recycling of funds by housing associations is not guaranteed to be reinvested within the same local authority area as the original units, whereas the Rentplus MoU provides a best endeavours commitment to deliver further affordable units on a one-for-one basis in that local authority area. This thereby raises the overall level of affordable housing that is delivered, whilst reducing the numbers on housing registers and increasing the financial investment in the creation of sustainable communities in that area.

5.8 Each subsequent unit delivered by Rentplus would be on the same affordable rent basis. Where a property is not purchased by the occupier, the managing housing association has the opportunity to purchase instead, retaining this as part of its stock of affordable units. Whether through direct reinvestment by Rentplus or recycling by the managing housing association, where an MoU has been agreed, this ensures the affordable housing subsidy is reinvested for the benefit of local people.

# Recommendations

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## Section 6

### **We Are the Builders**

- 6.1 The Government has announced its full, explicit support for private investors to deliver affordable Rent to Buy homes in order to extend the opportunities for home ownership to back families *“who aspire to buy their own home”*. The Chancellor of the Exchequer, George Osborne MP, in his Autumn Statement pledged to deliver *“10,000 homes that will allow a tenant to save for a deposit while they rent”*, *“removing constraints that prevent private sector organisations from participating in delivery”*. Rentplus seeks to fulfil that role to extend a hand to those households currently unable to save for and access the open market to purchase their own home whose needs are not met by the current affordable housing sector and other home ownership initiatives.

### **Moving In: The Benefits of Rentplus**

- 6.2 The purpose and practical detail of the Rentplus model, as described in Section 3, demonstrates that Rentplus has been developed as an investment product that will enable a rolling stock of homes for rent and eventual sale to complement other affordable housing products.
- 6.3 As noted in Section 2, the current problems with the housing market do not meet the diverse needs of all, but are instead forcing greater welfare dependency through an increasing reliance on the private rented sector. This includes those who are in-work housing benefit claimants, for whom rent costs take up such a proportion of income that it is very difficult to save towards a house deposit. There is considerable aspiration towards home ownership; this is recognised in Government policy and encouragement towards intermediate affordable housing delivery. Those reports referenced in Section 2 demonstrate that current affordable housing tenures do not meet the full needs of all those aspiring to ownership, principally as these rely on ready availability of savings to access shared ownership mortgages. Equally, this product will be a realistic alternative for those households who are not able to purchase their home through the Government’s Starter Home Initiative, as acknowledged in the Autumn Statement. As a great number of those households would not be considered eligible for social rented homes, access to any affordable

product is significantly constrained. The Rentplus model will diversify the affordable housing stock available to those households, and enable a greater number of households to access affordable housing without recourse to welfare support. This diversity of supply is a crucial factor in solving the nation's significant housing crisis.

- 6.4 The Rentplus product offers the security of rental at an affordable level whilst allowing households aspiring to home ownership the opportunity to save towards and purchase with a gifted deposit. The basis for setting and charging rent levels is guaranteed through an assured shorthold tenancy, giving added certainty to those households who may otherwise be subject to private rent level fluctuations (typically rent rises) and insecure tenancy agreements. This is a significant benefit of the model which is likely to be very attractive to those not able or desiring to access other forms of affordable housing before obtaining a mortgage. This will also remove households from the housing register, allowing local housing authorities the ability to focus greater resources on those most in need.
- 6.5 The product also offers the flexibility to alter the point of purchase on a phased basis at five year intervals, as well as the benefit of a property being managed and maintained by a housing association throughout the period of it being a Rentplus property.
- 6.6 The product is new, and therefore not previously considered within either housing evidence documents such as SHMA or in Local Plan policies. Section 4 has set out the model's compliance with the NPPF definition of affordable housing. The NPPF seeks to encourage LPAs to plan for a range of housing to meet all needs, across market and affordable tenures, whilst the Government has made it clear that encouraging home ownership is central to the country's economic stability and social justice<sup>5</sup>. It is clear that mixed, sustainable communities are at the heart of planning and that planning should not seek to threaten the ambition of business, or to prevent viable schemes from bringing forward social, economic and environmental benefits.
- 6.7 By providing a rental product at the lower of 80% below market rent or at Local Housing Allowance (LHA), households are also given a hitherto-unavailable opportunity to save towards a deposit without the need to revert to parental handouts, remain living with parents in their teenage bedrooms, or possibly to live in poor quality cramped rental conditions. Not only does the Rentplus model offer

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<sup>5</sup> Here's how to build a homeownership Britain (David Cameron and George Osborne, The Times, 4 July 2015) and the Autumn Statement (HM Treasury, 25 November 2015)

households the opportunity to be able to afford to save for a deposit and the costs associated with purchasing a property, but the gifted 10% deposit effectively offers the property for sale at below-market rate at the point of purchase.

- 6.8 Certainty is also offered to local planning authorities as units are managed and maintained by a housing association, with the product only being offered to eligible households on the local housing register. Those households may otherwise fail to be offered an affordable property due to not being categorised as a high priority household. As described in Section 2, this situation traps a considerable number of the non-home owner population, and in particular what has become known as Generation Rent, in a hard to escape cycle of renting at private market rates. Unable to save any significant sum for a deposit this generation is struggling to obtain a mortgage; this has contributed to the ever-rising age at which Britons enter home ownership.
- 6.9 A further point to note is the potential for delivery on rural exception sites where a small quantity of market housing is already accepted to improve scheme viability. In rural areas affected by poor affordability the existing supply of affordable housing products would be complemented by Rentplus homes. These would further support the diversity of housing delivered in rural areas, contributing to the ongoing sustainability of those communities and assist those trapped by being unable to afford market housing but not high priority enough to receive social or affordable rented homes.

#### **Plan-Making to include Rentplus**

- 6.10 Local Planning Authorities are encouraged by the NPPF to significantly boost the supply of housing, including through the provision of affordable housing which is a material planning consideration, and an inherent part of planning for housing through a proper, full objective assessment of housing need. By including a proportion of Rentplus units within the mix of any scheme, the local planning authority is also given the opportunity to increase the diversity of homes on offer. Together with open market, social rented, affordable rent, and intermediate affordable units local authorities have the ability to approve schemes that fully accord with the NPPF's aim to create mixed and sustainable communities.
- 6.11 People also aspire to home ownership. This provides households with a financial stake in the local community. The specific Rentplus model, together with other forms

of affordable housing, also widens local housing choice adding to a more mixed, balanced local community.

- 6.12 It is the intention of the Rentplus model to be delivered alongside other forms of affordable housing, acting as a complementary product as part of the housing mix to meet the needs of those households whose aspirations towards home ownership are not currently achievable through other intermediate affordable tenures. This can also deliver the benefit of enhancing the overall affordable housing offer and increasing the certainty of deliverability on sites where viability may be an issue. Early delivery of Rentplus homes, in volume, is a further benefit of this diversity of tenure offer.
- 6.13 Whilst the transitional nature of the product (from affordable rent to ownership) may present a difficulty for local planning authorities in defining it for the purposes of determining applications or counting for housing land supply, it should be considered a suitable method of diversifying local affordable housing offer without recourse to public funding. This also enables a greater overall level of affordable housing to be delivered both in the short term on individual sites, and in the longer term, as Rentplus stock is replaced.
- 6.14 We recommend that to incorporate the Rentplus model into the local plan, that the below text is included within an affordable housing policy. This will enable a degree of flexibility to be employed when negotiating the tenure mix on individual sites.

*“The Council will seek a developer contribution of X% towards the provision of affordable housing on residential developments of X dwellings or more. The mix of affordable dwellings may be negotiated, taking into account site specific issues and viability. The mix should take into account local need for social rented and intermediate affordable tenures, including Rent to Buy models, such as Rentplus.*

*There will be a strong presumption in favour of the affordable homes being fully integrated within proposed development. However the Council may consider off site provision, for instance to enable other policy objectives to be met, subject to an equivalent level of developer contribution being provided. There will be a presumption in favour of cross-subsidy to enable a higher proportion of affordable housing to be provided, preferably through an element of affordable Rent to Buy, such as Rentplus, or market housing. Off site provision could be by way of direct affordable housing provision on an alternative site, or by a financial contribution which would enable provision elsewhere in the local authority area.”*

## **Incorporating Rentplus: S106 Sites and Current Developments**

- 6.15 Rentplus has been established as a specialist provider of affordable housing in the private sector. The model as described in Section 3 is specifically designed to provide housing which is affordable to local people aspiring to home ownership. The involvement of a housing association should give the security and assurance that such homes are to be properly managed, whilst the sale of the homes provides Rentplus with a capital sum return. This enables replacement affordable housing delivery in the local authority area by Rentplus as well as a return to the local authority in the case of sale on the open market to reinvest in local affordable housing. The ability for the managing housing association to purchase the unit at a 10% discount if the occupier does not wish to purchase offers a further method of retaining an affordable unit within the local stock.
- 6.16 Other social benefits which are a material consideration in decision making include the ability of households to integrate with neighbours over a longer period before purchasing the property; the ability to renew tenancies; and swapping with other tenants at the time of purchase which offers flexibility to those not ready to purchase at the previously envisaged date.
- 6.17 As noted in Sections 4 and 5, upon the sale of each Rentplus property a Memorandum of Understanding, where agreed with each individual LA, will set out the basis for the replacement of those units on a one-for-one basis in that local authority area. Other forms of affordable tenure result in a loss of housing stock, such as with shared ownership in which households can 'staircase out'; where a LA has agreed a MoU, the Rentplus model would secure the replacement of units in accordance with the terms of the MoU in order to continue meeting local needs over the longer term through continued housing stock replenishment. This is an important consideration at a time when Right to Buy is being further encouraged, and established rented tenures no longer have permanence.
- 6.18 The availability of funding for the product also makes this model potentially attractive on stalled developments where this model could improve scheme viability. As the model has readily available private funding, it is also easily translated to high volume output which could assist in areas of particular need or where housing land supply could benefit from being boosted.



## Conclusions and Recommendations

- 6.19 There is a significant shortfall in affordable housing nationwide and the availability of grant funding has steadily declined over the past decade. The Rentplus product has a wide pool of prospective households for whom saving towards a home purchase is not currently possible due to falling outside eligibility for current affordable housing stock. Owing to the fixed period of tenancy at affordable rents for Rentplus dwellings before purchase, households have the ability to save for a deposit on the home they have rented. This offers a new product to those households whose needs are not already met by the market, whilst also diversifying the local housing stock and contributing to the development of mixed and balanced communities.
- 6.20 In order for Local Planning Authorities to enable those households for whom access to social rented housing is not suitable, and whose needs are not otherwise met by affordable and intermediate tenures to enter the housing market it may be necessary to review affordable housing policies in the Local Plan, or to consider revising model conditions and clauses for S106 agreements.
- 6.21 The Government has pledged to significantly raise the numbers of affordable homes being delivered during this Parliamentary session, and to meet the diverse needs of those in need. This includes a significant drive towards meeting families' aspirations to home ownership. The Autumn Statement included a commitment to remove constraints that prevent private sector organisations from delivering affordable homes to deliver this promise. CLG has had its housing budget doubled and will over the period of this Parliament be focused on the delivery of at least 400,000 affordable homes, including 10,000 Rent to Buy homes. As supported by the Government, the Rentplus model would make a valuable, NPPF-compliant contribution towards significantly boosting housing supply, and most importantly in meeting need for affordable housing without further recourse to public funding.



## **BRIEFING NOTE on Rentplus – a new model of Affordable Housing**

### **1. Background**

- 1.1 There is a severe shortage of affordable housing. The grants from central Government for affordable homes have been steadily reduced. The Homes and Communities Agency have responsibility for the affordable homes programme and are encouraging registered providers of affordable housing to explore new models of funding.
- 1.2 The national affordable rent programme 2011-2015 has introduced 5 yearly tenancies and allows registered providers to charge an affordable rent of up to 80% of open market rents. Many people on housing waiting lists aspire to own their own home but are unable to save for a deposit whilst paying expensive open-market rents.
- 1.3 The Housing Strategy for England identifies the need to introduce pension fund and private investment capital into affordable housing provision. Recent guidance to local authorities emphasises the need to widen access to affordable housing to hard working families on modest incomes, people in training and apprenticeships, and members of our armed services.
- 1.4 Rentplus was devised in the South West by a Plymouth-based development company (Pillar Land Securities Limited) working with a local housing association (Tamar Housing Society). This new affordable housing product was fully endorsed by the Rt Hon Grant Shapps MP, then Minister of State for Housing and Planning, at a personal meeting in the Houses of Parliament. Subsequently the Homes and Communities Agency has supported the Rentplus model through a short form agreement.
- 1.5 A number of Local Authorities across the south west have formally endorsed Rentplus as an affordable housing product meeting their requirements under Section 106 of the Town and Country Planning Act 1990. They have signed a Memorandum of Understanding with Rentplus-UK Limited (the company formed to deliver Rentplus homes) for 500 homes to be built under the Rentplus model in Plymouth over the next five years, and to be replaced by new Rentplus homes as they are sold to tenants.
- 1.6 Substantial socially-responsible funds have been identified for investment in Rentplus homes.

### **2. THE Rentplus Model**

- 2.1 The key features of the Rentplus model are summarised below:
  - 2.1.1 Rentplus homes will be new homes delivered to Homes and Communities Agency standards and acquired by Rentplus-UK Limited for pension funds or socially responsible investors, without any public grant. Rentplus-UK will lease the homes to a local housing association partner.



- 2.1.2 The housing association partner will lease the homes to tenants aspiring to home ownership for a series of 5 year tenancies at an affordable rent (within the local housing allowance). Tenants on the housing list will apply for a Rentplus home through Devon Home Choice.
- 2.1.3 On a phased basis, beginning at the end of the first 5 year tenancy, a proportion of the Rentplus affordable rented homes will be released for purchase by tenants, who will have been supported to move from tenancy to home ownership. Tenants will be gifted a 10% deposit by Rentplus-UK upon purchase (against an independent open market valuation), to aid purchase.
- 2.1.4 Those homes which are not sold at year 5 will be re-let to tenants for a further 5 year period, at the end of which a second batch of homes will be sold. This process repeats at years 15 and 20, at which time all homes will have been sold.
- 2.1.5 In the circumstances where the tenant, another Rentplus tenant or the registered provider managing the Rentplus home, does not purchase and the home is sold on the open market, then a proportion of the sale price is gifted to the Authority.
- 2.1.6 New Rentplus homes will be energy efficient, leading to a considerable saving of family expenditure on fuel costs and this saving, alongside the costs saved by affordable rent compared to private rent, will enable the tenant to save to augment the deposit gifted at the time of purchase.
- 2.1.7 The rental tenancy period provides an opportunity to demonstrate creditworthiness through regular rent payments to further aid mortgage application;
- 2.2 The substantial investment funding identified for Rentplus homes which, is not dependent upon the availability of public grant, provides an opportunity to significantly increase the number of new homes available at affordable rents. The Authority will receive payment of a New Homes Bonus augmented by the affordable supplement for each new home.
- 2.3 Ready funding for the affordable component of developments can provide an impetus to developments with existing approvals, which may have stalled due to the economic climate.
- 2.4 Rentplus provides a new and complementary option for affordable housing. There is no intent to compromise traditional social housing, which is necessary for people in severe housing need and those with disability. However, Rentplus provides a new opportunity for many on the housing list who, with support, could achieve home ownership rather than a life in expensive and insecure private-rented accommodation. Rentplus homes promote and achieve a further step to mixed tenure developments.

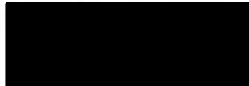
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16 June 2015

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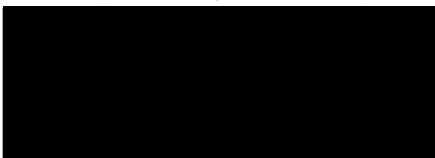
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Dear Mr Connolly

**Advice on Rent-Plus Model and its compliance with the National Planning Policy Framework**

Further to our telephone conversation today with Anthony Eke, please find enclosed an amended signed copy of our advice.



**Gareth Pinwell  
for Ashfords LLP**

Encl.

15414209.1

**Rentplus Model ('The Model') - compliance with the Definition of Affordable Housing within the National Planning Policy Framework ('NPPF')**

**1. The Model**

- 1.1. The Model is a new approach to providing a different offer of affordable housing to persons who currently do not have the means to purchase a property on the open market, and therefore be considered in housing need.
- 1.2. The Model seeks to be one of the tenure types of affordable housing that the Government (through its Agents, the Homes and Communities Agency and the Greater London Authority) and a Local Authority can offer as part of its affordable housing provision and policy, specifically aimed at accelerating affordable housing delivery for households that aspire to home ownership.
- 1.3. The incorporation of the Model by a Local Authority is achieved by the execution of an agreement as to how the Model will run and how the Local Authority will engage with the Model. Rentplus and a Local Authority can, through a Memorandum of Understanding between the parties, set out the methodology by which the Model can be executed locally.
- 1.4. The model operates as follows:-
  - 1.4.1. Units are procured and constructed and leased to Registered Providers at an affordable rent for up to 20 yrs on a FRI basis who manage and maintain the properties.
  - 1.4.2. The properties are then sub-let to occupiers on a 5 year tenancy agreement with the rent set at the lower of 80% of open market rental level (including service charge) or Local Housing Allowance level ('LHA').
  - 1.4.3. The occupier can purchase the property at year 5, 10, 15 or 20 and the occupiers are selected at the beginning of sub leases as to whether they acquire their properties at year 5, 10, 15 or 20.
  - 1.4.4. As the occupier purchases the property he/she is gifted a 10% deposit (10% of the open market value of the property at that point) towards the purchase price of the property by Rent Plus.
  - 1.4.5. If the occupier is not able or does not wish to purchase at that time, the opportunity can be offered to other occupiers within the same Rentplus

scheme or if not, then to occupiers in other Rentplus properties in the Council area.

- 1.4.6. If the occupiers set out above do not purchase, then there is provision for the Registered Provider, to acquire the properties as part of their stock with Rentplus providing a 10% discount to the Registered Provider to the open market value.
- 1.4.7. In the event that no purchaser comes forward from the above cascade, the property can be disposed of on the open market and once sold 7.5% of the sale proceeds are provided to the local Authority to re-invest in Affordable Housing.
- 1.4.8. Rentplus will agree to enter into a Memorandum of Understanding with the Local Authority on a best endeavours basis to seek to replenish the stock of Rentplus homes to in effect replace those that are purchased or sold (25% every five years) as part of the on-going funding arrangement on a one-for-one basis.
- 1.4.9. Prior to the commencement of a Rentplus scheme, the Homes and Communities Agency, enters in to a Short Form Agreement with the Registered Provider incorporating all of the above elements, with each site completing a pro-forma schedule to bring it within the remit of an existing Short Form Agreement.

## **2. Definition of Affordable Housing in the NPPF**

- 2.1. Affordable housing is *defined* as:
  - 2.1.1. Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.
  - 2.1.2. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
  - 2.1.3. Social rented housing is owned by local authorities and private Registered Providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided

under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

2.1.4. Affordable rented housing is let by local authorities or private Registered Providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable) or Local Housing Allowance cap –whichever is the lower. Intermediate housing are homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

2.1.5. Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

### **3. Comparison of the Model against the NPPF Criteria**

3.1. The Model is a hybrid product in that it offers a property with a rental level capped at 80% of open market rental (including service charge) or LHA Level (whichever is the lower) and therefore is available to those not able to purchase properties on the open market.

3.1.1 The property is let by a Registered Provider and will be targeted at aspirant homeowners currently unable to purchase a property for example households in private rented housing.

3.1.2 It has a provision whereby at 5 yearly intervals occupiers have the ability to purchase the property at market value with a gifted 10% deposit or another tenant in the Rentplus scheme for that area being able to purchase.

3.1.3 If the occupier as set out in 3.1.2 cannot purchase, the Registered Provider is given the opportunity to purchase the property for incorporation into their portfolio as part of their stock. This could include either as Affordable or Social Rent or as a Shared Ownership/Equity unit (all being recognised and NPPF compliant products).



3.1.4 If the Registered Provider does not wish to buy the property, it can be sold on the open market and 7.5% of the purchase price is paid to the Local Authority as funds which can be put towards future affordable housing, thus ensuring planning gain is 'recycled' locally.

3.1.5 The 5 year tenancy agreements with a rent as set out above provide security for tenants to pay affordable rent and to be able to accumulate additional deposit to put towards the purchase the property in the future.

#### **4. Conclusion**

4.1. The NPPF sets out a broad definition of what it terms Affordable Housing in section 2, and this enables Local Authorities to have a range of options and tenure types within their portfolio of Affordable Housing, it is not prescriptive as to the precise types of tenure but offers broad guidance to the range of products.

4.2. Some of the products clearly fit within one tenure type, such as affordable rented properties, whilst others are more sophisticated in approach such as Shared Ownership models which have rental and purchase elements.

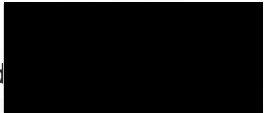
4.3. The Model is a hybrid model with 5 year renewable tenancies. Therefore it provides availability of rental property to those who cannot rent in the open market, with an aspiration to purchase. The rental levels are guaranteed as affordable for the terms of the tenancies. It can provide greater security of tenure to tenants than under Fixed Term tenancies introduced by the Localism Act, and with its level of rental gives the opportunity for a tenant to save additional deposit towards future ownership.

4.4. It therefore provides a rental element which offers rent at an affordable level for all occupiers, which is a key aim of the NPPF.

4.5. The Model has advantages over traditional shared ownership/equity models as it enables entry on to the market paying an Affordable Rent with the ability to save a deposit, this option together with the gifted deposit offers tenants the means to accumulate a level of deposit to purchase the property. Often, if a Shared Ownership/Shared Equity Purchase is contemplated, it is the size of a deposit that is required that operates as a bar to home ownership, the Model overcomes this.

4.6. Another element of the NPPF definition is for Affordable Housing to deliver a recycling of subsidy for alternative affordable housing provision. The Model provides both direct and indirect subsidy to alternative affordable housing provision.

- 4.7. The Memorandum of Understanding provides the means on a best endeavours basis for Rentplus to provide replacement properties for those that are sold. This is a provision which delivers a degree of recycling in excess of other recognised tenures in that there is direct provision of a new unit. Compared with other shared ownership tenures, where a percentage of staircasing receipts (25-30% - with no guarantee of the provision of a replacement unit) may be passed to the Local authority for re- investment, the Rentplus model has the ability to deliver an actual replacement dwelling for re -use. This provides a new modern property again to be let using the Model. In addition, should properties have to be sold on the open market, Rentplus will provide 7.5% of the purchase price to the Local Authority.
- 4.8. A further recycling element is provided by the opportunity for the Registered Provider to purchase units at a 10% discount, if the occupier does not wish to purchase, this will deliver a unit held by the Registered Provider which will be used as part of their affordable housing portfolio.
- 4.9. When all elements of the Model are considered, it delivers a degree of recycling of subsidy probably to a greater extent than other traditional products set out in the NPPF.
- 4.10. The other features of the product are the rent capped at below market level and an aspirational element for tenants to own their own home in a way which is not available or achievable through existing tenure types other than through Right To Buy.
- 4.11. The HCA and the Registered Provider sign a short form agreement which incorporates the main elements of the model. i.e 20 year FRI lease, planned sales and tenancies at Affordable Rent, and can be used by RPs under a FRI lease to complement the range of products and expertise as Landlords.
- 4.12. Therefore the model operates to provide a hybrid product that a Local Authority can consider as part of its portfolio of affordable housing products which meets the criteria of the NPPF. It is a hybrid model that offers different benefits to different sectors of the affordable housing market that is not currently available. It is a complementary product that complies with the NPPF and which may enhance the opportunity of potential home ownership and the security of rental at an affordable level.

Signed  ..... For Ashfords LLP

Dated..... 16 / 6 / 15.

# Rentplus

Planning and policy review

*August 2015*

# CONTENTS

1	Background .....	4
1.2	Context .....	4
2	Planning opinion on compliance with the NPPF / NPPG .....	8
3	Assessment of Local Plan policies .....	15
3.2	London Borough of Croydon .....	15
3.3	Cornwall Council .....	20
3.4	Greater Norwich Development Partnership .....	24
3.5	Greater Cambridge: Cambridge City, South Cambridgeshire and East Cambridgeshire District Councils .....	26
3.6	Gloucestershire: Stroud District Council Local Plan and Gloucester City, Cheltenham and Tewkesbury Joint Core Strategy .....	34
3.7	Summary .....	39
4	Conclusions .....	40

<i>Rev No</i>	<i>Comments</i>	<i>Prepared by</i>	<i>Checked by</i>	<i>Approved by</i>	<i>Date</i>
1	Draft final report	Shane Scollard Assistant Planner  David Carlisle Principal Planner	Martin Hebert Technical Director	Martin Hebert Technical Director	21 August 2015

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# 1 Background

- 1.1.1 Rentplus commissioned Aecom to conduct a planning review of the Rentplus model insofar as it relates to existing and forthcoming national policy/guidance. The review also investigates how the Rentplus model may be utilised by a sample of Local Planning Authorities (LPA) set against their extant Local Plan policies for affordable housing and tenure mix. The report includes general advice on how Rentplus might further their cause in establishing the rent plus model as an approved affordable product with the Department for Communities and Local Government.
- 1.1.2 The brief for this study was as follows:
- 1.1.3 **Provide a planning opinion on compliance with the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG):** To look more widely at the way the Rentplus model meets NPPF/G objectives, rather than just the strict definition of 'affordable';
- 1.1.4 **Submit an analysis and commentary against a selection of LPA policies:** including a review of the model against extant affordable housing and mixed tenure policies for a London Borough, new unitary, a two-tier district, and semi-rural authority; and
- 1.1.5 **Prepare general advice** to assist Rentplus in seeking to establish the model as an approved 'affordable' product by DCLG.

## 1.2 Context

- 1.2.1 The Rentplus model operates as follows:-

Rentplus model	
1.	Units are procured and constructed and then leased (on a full repairing lease) to Registered Providers who manage and maintain the properties for up to a twenty year term.
2.	The tenant is offered 5 year renewable tenancy agreements of the property, with the rent set at the lower of 80% of open market rental level (including service charge) or Local Housing Allowance level ('LHA').
3.	The tenant will be assessed to establish their ability and aspirations to purchase in either 5, 10, 15 or 20 years.
4.	At the point the tenant elects to purchase the property he/she is gifted a 10% deposit (10% of the value of the property at that point) towards the purchase price of the property by Rentplus.
5.	If the sitting tenant does not wish to purchase the property it can be offered to other tenants within the Rent Plus scheme in the Council area and within the same funding portfolio, with the sitting tenant offered a further 5 year tenancy.
6.	In default of a tenant wishing to purchase, there is provision for the Registered Provider, to acquire the properties as part of their stock and convert the properties to either Affordable/Social Rent or as shared equity/ownership with Rentplus providing a 10% discount to the Registered Provider of the open market value.
7.	In the event that no purchaser comes forward from the above cascade the property can be disposed of on the open market and once sold 7.5% of the sale proceeds are provided to the local Authority to re- invest in Affordable Housing.
8.	Rent Plus will agree to enter into a Memorandum of Understanding with the Local Authority on a best endeavours basis to seek to replenish the stock of Rent Plus homes to in effect replace those that are purchased or sold (25% every five years) as part of the on-going funding arrangement on a one-for-one basis.
9.	The Homes and Communities Agency have approved a Short Form Agreement on a scheme incorporating the Rentplus tenure, and it has been agreed that each additional Rentplus scheme will completing a pro-forma schedule to bring it within the remit of an existing Short Form Agreement.

1.2.2 In addition to recent changes to the NPPG discussed in Section 2, Government recently published the Summer Budget (HM Treasury, 8<sup>th</sup> July 2015) and accompanying productivity plan – “Fixing the foundations: Creating a more prosperous nation” (HM Treasury, 10<sup>th</sup> July 2015). The Summer Budget sets out the next stage of welfare reform, delivering on the government’s commitment to save £12 billion from the working-age welfare budget by 2019-20, the productivity plan sets out a 15-point plan that the government will put into action to boost the UK’s productivity growth, centred around two key pillars: encouraging long-term investment, and promoting a dynamic economy. It sets out the government’s long-term strategy for tackling the issues that matter most for productivity growth. Taken together these documents set out a number of reforms of pertinence to planning, housing and the Rentplus mode.

Para	Summer Budget and productivity plan	Aecom comments
Budget 1.137	<i>Since the financial crisis began in 2008, average earnings have risen by 11%, whereas most benefits, such as Jobseeker’s Allowance, have risen by 21%. To ensure that it always pays to work, and that earnings growth overtakes the growth in benefits, the government will legislate to freeze working-age benefits, including tax credits and the Local Housing Allowances, for 4 years from 2016-17 to 2019-20. This is forecast to save £4 billion a year by 2019-20</i>	<p>The welfare changes are likely to have spatial implications and affect levels of housing need. Planning policies to secure affordable housing will need to be kept under review in light of reduced the availability of housing benefit. Levels of housing need are likely to rise in new areas as people are pushed out of areas of high housing cost and the cap on benefit paid to families is reduced. Research on behalf of the Department for Work and Pensions<sup>1</sup> has shown that housing benefit claims by private tenants increased considerably in lower-cost areas, such as outer London and former coalfields areas, as a result of the previous benefits cap as tenants moved out of costlier areas. This could have implications for some local authorities and their current tenancy strategies.</p> <p>For RPs this may have potential implications for their income streams as the potential for increased arrears, bad debts and voids could jeopardise cashflows. As well as the efficiencies they have been tasked with finding to help meet the cost of these changes<sup>2</sup>.</p>
Budget 1.140	<i>Alongside the freeze in working-age benefits, the government will reduce rents in social housing in England by 1% a year for 4 years, requiring Housing Associations and Local Authorities to deliver efficiency savings, making better use of the £13 billion annual subsidy they receive from the taxpayer. Rents in the social sector increased by 20% over the 3 years from 2010-11. This will allow social landlords to play their part in reducing the welfare bill. This will mean a 12% reduction in average rents by 2020-21 compared to current forecasts</i>	<p>A -1% rent reduction over each of the next four years is a significant shift for Registered Providers (RPs)/housing associations (which would have been working on the basis of CPI + 1% rent rises). Savills have conducted modelling of this change and highlighted that by 2020/21, this may equate to a reduction in rental income of 12% versus the current rental forecasts. In addition, its impact on housing association accounts valuations, based on Existing Use Value of Social Housing, could be in excess of 25%. However, valuations for loan security purposes would be far less significantly affected. The successive rent reductions will increase the risks of insolvency, particularly for those housing associations that have not been able to take appropriate cost savings actions in a timely manner. The impact for some could be serious, particularly in terms of their ability to raise funds. Savills advise that self-examination will be key and it will be vital to stress test business models as a matter of urgency<sup>3</sup>.</p> <p>Housing associations will need to look to take out costs quickly, reducing capital costs including repairs and maintenance and development spending. This will impact the ability of housing associations to develop more homes and could result in a shift in emphasis towards the delivery of non-regulated sector homes – market rent, intermediate rent and for sale. The requirements will likely result in a reduction</p>

<sup>1</sup> <http://www.shu.ac.uk/research/cresr/ourexpertise/evaluation-measures-change-housing-benefit-and-local-housing-allowances-private-rented-sector-uk>

<sup>2</sup> <http://www.savills.co.uk/news/article/72418/189865-0/07/2015/emergency-budget-announces-cuts-to-rents-in-the-social-housing-sector-of-1-for-each-of-the-next-four-years>

<sup>3</sup> Ibid

		<p>in the number of homes RPs build, according to the National Housing Federation<sup>4</sup>. This could have a wider impact viability impacts for larger schemes if these products are less valuable moving forward.</p> <p>This would suggest that models such as Rentplus could be used as an alternative. Use of Rentplus as a mix of tenures to avoid a fall in the percentage of provision within Section 106 agreements.</p>
Budget 1.154	<p><i>The government believes that those on higher incomes should not be subsidised through social rents. Therefore, social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required Summer Budget 2015 41 to "Pay to Stay", by paying a market or near market rent for their accommodation. This will ensure they pay a fair level of rent, or make way for those whose need is greater. Local Authorities will repay the rent subsidy that they recover from high income tenants to the Exchequer, contributing to deficit reduction. Housing Associations will be able to use the rent subsidy that they recover to reinvest in new housing. This could raise up to hundreds of millions of pounds in additional rental income for Housing Associations. The government will consult and set out the detail of this reform in due course.</i></p>	<p>DCLG are expected to legislate to introduce the policy in the forthcoming Housing Bill. The Local Government Chronicle predicts that 3.9 million households living in social housing could be obliged by law to declare their incomes as part of the government's 'pay to stay' plans<sup>5</sup>.</p> <p>At this stage it is not known how extending the Right to Buy to housing association tenants and this new change will interact.</p>
Budget 1.155	<p><i>The government will review the use of lifetime tenancies in social housing to limit their use and ensure that households are offered tenancies that match their needs, and ensure the best use is made of the social housing stock</i></p>	<p>This change is simply highlighted as it is further evidence that Government are seeking to instil more flexibility into how social housing needs are met. This would limit another tenancy type that was expected to last a tenants whole lifetime.</p>
Budget 1.159	<p><i>To prevent young people slipping straight into a life on benefits, from April 2017 the Budget will also remove the automatic entitlement to housing support for new claims in Universal Credit from 18-21 year olds who are out of work. This will ensure young people in the benefits system face the same choices as young people who work and who may not be able to afford to leave home. There will be exemptions, including for vulnerable young people, those who may not be able to return home to live with their parents, and those who have been in work for 6 months prior to making a claim, who will continue to be able to receive housing support for up to 6 months while they look for work.</i></p>	<p>This will affect the demand and supply of private rented housing Around 20 per cent of tenants in private renting receive benefits and will be affected by the new limits. Many of them are under 21 years old and under the Budget changes will no longer be entitled to housing benefit.</p> <p>As with the other changes it will be important that neighbouring councils work together under the duty to cooperate to understand and plan for their changing affordable housing policies, especially where there are large differences in market values and affordability and the needs of one area may need to be met elsewhere. The flexibility of the Rentplus model would appear to be well suited to young people attempting to first find affordable rented accommodation with a path open to home ownership.</p> <p>The private sector is playing an increasing role in housing people on housing benefit and this could be extended further.</p>
Productivity Plan 9.15	<p><i>The government has already committed to legislating for statutory registers of brownfield land suitable for housing in England. The government will go further by legislating to grant automatic</i></p>	<p>Aecom are involved with two of the Government's Local Development Order pilots for housing (for sites in North East Lincolnshire and Welwyn Hatfield). In each case viability testing has been necessary to test the viable mix of affordable housing. It is likely that the new zonal approach</p>

<sup>4</sup> <http://www.planningresource.co.uk/article/1356093/welfare-changes-mean-planning>

<sup>5</sup> <http://www.lgcplus.com/news/pay-to-stay-law-would-force-social-tenants-to-declare-income/5087981.article>



	<i>permission in principle on brownfield sites identified on those registers, subject to the approval of a limited number of technical details. On brownfield sites, this will give England a 'zonal' system, like those seen in many other countries, reducing unnecessary delay and uncertainty for brownfield development.</i>	shall reflect the lessons learned in these pilots. A product such as Rentplus has the scalability to be delivered in early phases thus improving deliverability on difficult sites.
<i>Productivity Plan 9.24</i>	<i>The government is committed to extending the Right to Buy to housing association tenants. Since the Right to Buy for council tenants was reinvigorated in the last Parliament, the number of sales has increased by nearly 320%. The government will extend the same opportunity to buy to the tenants of housing associations through the Housing Bill, to be introduced in this session of Parliament.</i>	The details of the Housing Bill will need to be assessed in detail before the full effect of the changes can be known. However, these changes would appear to diminish the role of affordable housing being maintained in perpetuity. The Rentplus model may help to insulate partner RPs, through an additional income stream, and councils against significant losses of affordable products through the Right to Buy, particularly as the tenure allows a planned disposal programme while offering to provide a one-for-one replacement on a best endeavours basis.
<i>Productivity Plan 9.23</i>	<i>Deliver 200,000 Starter Homes for first time buyers:</i> <ul style="list-style-type: none"> <li>▪ <i>requiring local authorities to plan proactively for the delivery of Starter Homes</i></li> <li>▪ <i>extending the current exception site policy, and strengthening the presumption in favour of Starter Home developments, starting with unviable or underused brownfield land for retail, leisure and institutional uses</i></li> <li>▪ <i>enabling communities to allocate land for Starter Home developments, including through neighbourhood plans</i></li> <li>▪ <i>bringing forward proposals to ensure every reasonably sized housing site includes a proportion of Starter Homes</i></li> <li>▪ <i>implementing regulations to exempt these developments from the Community Infrastructure Levy, and re-affirming through planning policy that section 106 contributions for other affordable housing, and tariff-style general infrastructure funds, will not be sought for them</i></li> </ul>	<p>On the face of it rolling out the exception site policy to non-industrial/commercial sites may encroach on sites where traditional affordable housing is normally promoted, however, if elements of market housing or other tenures are permitted this could also present new opportunities for Rentplus.</p> <p>Providing groups undertaking neighbourhood planning with new powers to allocate starter homes sites is an interesting development and another tool available to NDPs to bring forward innovative affordable housing delivery.</p> <p>The requirement to ensure all reasonably sized sites (presumably 'major development' i.e. 10 or more dwellings, 0.5ha or 1000m2) include an element of starter homes is unclear and will require further details before the full impact of that proposal can be known.</p> <p>Further regulations that enforce the current policy approach that s106 cannot be used for affordable housing (on Starter Home sites) may be problematic dependant on the final wording in the statutory instrument.</p> <p>Rentplus can be used on sites like this as part of the mix that can help to improve deliverability and the supply of intermediate rent products for individuals unable to take advantage of discounted homes for sale.</p>

1.2.3 Councils will need to be more flexible in their definition of affordable housing in their planning policies and tenancy strategies because of supply constraints affecting RPs and the fact that their development programmes may be more constrained moving forward. Clearly these fundamental changes to the housing and planning systems will have far reaching affects for affordable housing and how Councils plan for their delivery. These circumstances lend weight to the Rentplus cause for gaining recognition as an affordable product, these matters are discussed in greater detail in the Conclusions section.

## 2 Planning opinion on compliance with the NPPF / NPPG

Table 1 A review of affordable housing context in the NPPF.

NPPF Para	Affordable Housing Context	Aecom comments
47	<p><b>Delivering a wide choice of high quality homes</b> To boost significantly the supply of housing, local planning authorities should:</p> <ul style="list-style-type: none"> <li>▪ use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;</li> <li>▪ identify and update annually a supply of specific deliverable<sup>6</sup> sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;</li> <li>▪ identify a supply of specific, developable<sup>7</sup> sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15;</li> <li>▪ for market and affordable housing, illustrate the expected rate of housing delivery through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target; and</li> <li>▪ set out their own approach to housing density to reflect local circumstances.</li> </ul>	<p>Paragraph 47 requires LPAs to produce Strategic Housing Market Assessments (SHMA) to assess objectively assessed housing need (including for affordable housing). This should then translate into Local Plans as a housing target, housing trajectory and housing implementation strategy. As a hybrid product Rentplus can help to meet affordable rent needs in the short and medium term and market housing at 5 year intervals.</p> <p>Linked to this is maintaining a five year supply of deliverable housing. Should local authorities experience a drop in housing delivery, the Rentplus model could help to improve delivery due to its scalability.</p>
50	<p>To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:</p> <ul style="list-style-type: none"> <li>▪ plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);</li> <li>▪ identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and</li> <li>▪ where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.</li> </ul>	<p>Rentplus aligns well with paragraph 50, a key function of the Rentplus hybrid product is to assist tenants into home ownership while they pay below market rent. The flexibility in the model (and 10% deposit for purchasers) has the potential to take residents off the housing waiting list or for registered providers to add to their stock or for local authorities to reinvest in affordable housing whilst Rentplus will also endeavour to replenish stock. In this way Rentplus helps to create inclusive and mixed communities.</p>

<sup>6</sup> To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans. (NPPF, page 12)

<sup>7</sup> To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.

51	Local planning authorities should identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers. They should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate.	Where properties are sold on the open market, Rentplus will provide 7.5% of the purchase price to the Local this could then be used to bring empty property back into use as social housing.
54	In rural areas, exercising the duty to cooperate with neighbouring authorities, local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs.	The NPPF definition allows for 'small numbers' of market homes at the local authority's discretion on rural exception sites (e.g. where they help to enable schemes with a no grant). A Rentplus affordable product could also be part of the mix on such sites.
159	<p><b>Plan-making - Using a proportionate evidence base – Housing</b></p> <p>Local planning authorities should have a clear understanding of housing needs in their area. They should:</p> <ul style="list-style-type: none"> <li>▪ prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment Plan should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which: <ul style="list-style-type: none"> <li>- meets household and population projections, taking account of migration and demographic change;</li> <li>- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and</li> <li>- caters for housing demand and the scale of housing supply necessary to meet this demand;</li> </ul> </li> <li>▪ prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.</li> </ul>	<p>Where the SHMA highlights requirements for affordable rent/intermediate housing Rentplus offers a flexible solution to meeting these needs.</p> <p>The SHMA should also be used to update tenancy strategies.</p> <p>The SHLAA should highlight potential rural exception sites via the call for sites process. Rentplus offers alternatives methods of delivery which should inform decisions around whether a site is suitable, available and achievable.</p>
173	<p><b>Plan-making - Using a proportionate evidence base - Ensuring viability and deliverability</b></p> <p>Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.</p>	<p>The Rentplus model can be considered as an alternative to traditional affordable rent and intermediate housing. The Rentplus product sits somewhere between affordable rent and intermediate products.</p> <p>Local Plan viability studies test an overall percentage of affordable housing normally broken down by social rent, affordable rent and intermediate housing.</p>
174	Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.	The availability of finance is a consideration highlighted by the NPPG. Rentplus offers access to affordable housing for a broader range of households and is the only tenure (other than Gentoo Genie) that offers assistance to home ownership without a
177	It is equally important to ensure that there is a reasonable prospect that	

	<p>planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time Local Plans are drawn up. For this reason, infrastructure and development policies should be planned at the same time, in the Local Plan. Any affordable housing or local standards requirements that may be applied to development should be assessed at the plan-making stage, where possible, and kept under review.</p>	<p>deposit.</p> <p>Incorporation of the Rentplus product in this testing would help to improve viability and the model itself would help to facilitate development throughout the economic cycle e.g. fast build out rates in the early phases of strategic sites and/or the development of Rentplus villages<sup>8</sup>. Rentplus can provide affordable housing in the first or early phases or take on serviced sites and plots delivered directly with contractors</p>
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**Table 2 A review of affordable housing context in the NPPG.**

NPPG Ref	Affordable Housing Context	Aecom comments
<p><b>Planning obligations</b></p> <p>Paragraph: 009</p> <p>Reference ID: 23b-009-20140306</p>	<p><b>Can an agreed planning obligation be changed?</b></p> <p>Planning obligations can be renegotiated at any point, where the local planning authority and developer wish to do so. Where there is no agreement to voluntarily renegotiate, and the planning obligation predates April 2010 or is over 5 years old, an application may be made to the local planning authority<sup>9</sup> to change the obligation where it "no longer serves a useful purpose" or would continue to serve a useful purpose in a modified way (see Section 106A of the Town and Country Planning Act 1990).</p> <p>In addition, Section 106BA of the 1990 Act (inserted by the Growth and Infrastructure Act 2013) allows applications to be made to modify the affordable housing requirements of any Section 106 agreement regardless of when it was signed. This review must be based on economic viability and cannot take into account other aspects of the planning consent. It addresses affordable housing requirements only.</p> <p>Where local planning authorities are requiring affordable housing obligations or tariff style contributions to infrastructure, they should be flexible in their requirements. Their policy should be clear that such planning obligations will take into account specific site circumstances. Policy for seeking planning obligations should be grounded in an understanding of development viability through the plan making process.</p>	<p>Government guidance<sup>10</sup> for this process states that: "A viable affordable housing provision should be proposed. This should deliver the maximum level of affordable housing consistent with viability and the optimum mix of provision. The proposal may consider whether adjustments should be made to the affordable housing tenure and mix".</p> <p>Rentplus could be considered as part of any new mix proposed and an alternative route to affordable rent/home ownership. This would be preferable to a scenario where only a limited amount of traditional affordable housing would be achievable.</p>
<p><b>Starter Homes exception site policy</b></p> <p>Paragraph: 001</p> <p>Reference ID: 55-001-20150318</p>	<p><b>What is the Starter Homes exception site policy?</b></p> <p>The Written Ministerial Statement sets out how the Starter Homes exception sites policy helps to meet the housing needs of young first time buyers, many of whom increasingly cannot afford to buy their own home, by allowing Starter Homes to be offered to them at below their open market value. The exception site policy enables applications for development for Starter Homes on under-used or unviable industrial and commercial land that has not been currently identified for housing. It also encourages local planning authorities not to seek section 106 affordable housing and tariff-style</p>	<p>The objectives of this policy could also be achieved with the inclusion of Rentplus on these sites. Rentplus could be the default product made available for voids for Starter Home schemes where developers are unable to sell all units. In this way Government can be confident</p>

<sup>8</sup> Rentplus villages provide early delivery of flexible tenure affordable housing, at volume, creating sustainable communities

<sup>9</sup> Where the local planning authority does not agree with the developer's revised proposal for affordable housing, or does not determine the application, Section 106BC provides a right of appeal to the Secretary of State.

<sup>10</sup> Section 106 affordable housing requirements - Review and appeal (DCLG, April 2013)

<p>Paragraph: 005 Reference ID: 55-005-20150318</p> <p>Paragraph: 006 Reference ID: 55-006-20150318</p> <p>Paragraph: 012 Reference ID: 55-012-20150318</p>	<p>contributions that would otherwise apply. Local planning authorities should work in a positive and proactive way with landowners and developers to secure a supply of land suitable for Starter Homes exception sites to deliver housing for young first time buyers in their area.</p> <p><b>How should the discount and age restriction for Starter Homes be enforced?</b> On Starter Homes exception sites, local planning authorities should include in the relevant section 106 agreement a requirement on the developer to offer Starter Homes to a first time buyer under the age of 40 for a discount of at least 20% below the open market value of the property, and for there to be appropriate restrictions to ensure that Starter Homes are not resold or let at their open market value for 5 years following the initial sale. Local planning authorities should enforce these planning obligations in the usual way.</p> <p><b>What is the role of the national Starter Homes register and how should local planning authorities use it?</b> The national Starter Homes Register, managed by the Home Builders Federation allowing first time buyers to register their interest in the scheme, provides a valuable source of information about potential demand for Starter Homes and identifying who may be eligible for Starter Homes developments. Local planning authorities can use this as evidence when developing their Local Plan and associated documents. It will also allow those registering to receive information about Starter Homes sites as they start to emerge.</p> <p><b>Can market homes be built on Starter Homes sites?</b> Local planning authorities can use their discretion to include a small proportion of market homes on Starter Homes exception sites where it is necessary for the financial viability of the site. The market homes on the site will attract section 106 or Community Infrastructure Levy contributions in the usual way.</p>	<p>that that in need can still benefit from affordable rent and future opportunities to discounted home ownership.</p> <p>Rentplus includes a similar 5 year time horizon with a long term discounted rental element and the ability to purchase at 5 yearly intervals. This would align more closely with Starter Homes sites than traditional affordable housing products.</p> <p>The HBF starter homes register and incoming local authority register for those interested in self-build/custom build should be used to identify possible Rentplus tenants. Rentplus offers an alternative route for first time buyers who may not have the appropriate credit rating or deposit at present.</p> <p>As in the case of rural exception sites LPAs can at their own discretion include a small proportion of market homes and so it is assumed that it would also be permissible to include Rentplus products. Rentplus may provide a preferable alternative for some local authorities to help get residents off the housing waiting list.</p>
<p><b>Viability and decision taking</b> Paragraph: 026 Reference ID: 10-026-20140306</p> <p>Paragraph: 019 Reference ID: 10-019-20140306</p>	<p><b>Viability and brownfield sites</b> Local planning authorities should seek to work with interested parties to promote the redevelopment of brownfield sites, for example Local Enterprise Partnerships. To incentivise the bringing back into use of brownfield sites, local planning authorities should:</p> <ul style="list-style-type: none"> <li>▪ look at the different funding mechanisms available to them to cover potential costs of bringing such sites back into use</li> <li>▪ take a flexible approach in seeking levels of planning obligations and other contributions to ensure that the combined total impact does not make a site unviable.</li> </ul> <p><b>Viability of planning obligations</b> Viability is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability.</p> <p>Assessing viability should lead to an understanding of the scale of planning obligations which are appropriate. However, the National Planning Policy Framework is clear that where safeguards are necessary to make a particular development acceptable in planning terms, and these safeguards cannot be secured, planning permission should not be granted for unacceptable development.</p>	<p>The guidance is clear that LPAs should explore different funding mechanisms and adopt a flexible approach to obligations to help bring forward brownfield sites. Rentplus can utilise this for schemes held on brownfield sites (including non-starter home exception sites) and the recycling element could and should be used to deliver affordable housing on brownfield sites.</p> <p>As discussed Rentplus can help to improve viability and make schemes more acceptable in the eyes of the decision makers (development management officers and Members). It can be built out in early phases. Similarly Rentplus is flexible in that they can contract out construction to utilise serviced plots.</p>

<p><b>Viability and plan making</b> Paragraph: 025 Reference ID: 10-025-20140306</p>	<p><b>How should viability be considered for brownfield sites in plan-making?</b> ...Local planning authorities should seek to work with interested parties to promote the redevelopment of brownfield sites, for example Local Enterprise Partnerships.</p> <p>To incentivise the bringing back into use of brownfield sites, local planning authorities should also look at the different funding mechanisms available to them to cover potential costs of bringing such sites back into use, when considering which sites to allocate. For brownfield sites, assumptions about land values should clearly reflect the levels of mitigation and investment required to bring sites back into use. The impact of land remediation relief could also be considered when looking at the viability of brownfield sites.</p>	<p>Rentplus can assist in the development of Local Plans and where the model is factored into viability testing can be part of the mix to help bring forward site allocations for brownfield sites that LPAs wish to bring back into use.</p>
<p><b>Housing and economic development needs assessment</b> Paragraph: 006 Reference ID: 2a-006-20140306</p> <p>Paragraph: 007 Reference ID: 2a-007-20150320</p>	<p><b>Can town/parish councils and designated neighbourhood forums (qualifying bodies) preparing neighbourhood plans use this guidance?</b> Town/parish councils and designated neighbourhood forums (qualifying bodies) preparing neighbourhood plans can use this guidance to identify specific local needs that may be relevant to a neighbourhood but any assessment at such a local level should be proportionate. Designated neighbourhood forums and parish/town councils can also refer to existing needs assessments prepared by the local planning authority as a starting point.</p> <p>The neighbourhood plan should support the strategic development needs set out in Local Plans, including policies on housing and economic development. The level of housing and economic development is likely to be a strategic policy.</p> <p><b>Who do local planning authorities need to work?</b> Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries.</p> <p>Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time.</p> <p>Local communities, partner organisations, Local Enterprise Partnerships, businesses and business representative organisations, universities and higher education establishments, house builders (including those specialising in older people's housing), parish and town councils, designated neighbourhood forums preparing neighbourhood plans and housing associations should be involved from the earliest stages of plan preparation, which includes the preparation of the evidence base in relation to development needs.</p>	<p>Increasingly neighbourhood groups are commissioning neighbourhood housing needs evidence. Aecom are also starting to see the emergence of affordable housing policies in Neighbourhood Development Plans (NDPs) related to site allocations, rural exceptions and local needs housing. NDPs provide opportunities to include support for Rentplus through rural exception sites and tailored affordable housing policies that do not disturb strategic policies.</p> <p>LPAs are now encouraged to liaise with neighbourhood groups when preparing their own Local Plans. LPAs are also encouraged to liaise with 'partner organisations' which presumably could also include Rentplus and Private Registered Providers.</p>
<p><b>Neighbourhood planning</b> Paragraph: 005 Reference ID: 41-005-20140306</p>	<p><b>Must a community ensure its neighbourhood plan is deliverable?</b> If the policies and proposals are to be implemented as the community intended a neighbourhood plan needs to be deliverable. The National Planning Policy Framework requires that the sites and the scale of development identified in a plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.</p>	<p>Neighbourhood plans are statutory documents when made and must meet basic conditions (e.g. conformity with national policy). NDPs must ensure that sites and policies put forward are deliverable and should not render development unviable. As is the case with Local Plans, Rentplus could be utilised to help communities to bring forward additional affordable housing over and above Local Plan targets (where such development is passed at a referendum).</p>

- 2.1.1 The National Planning Policy Framework (NPPF) defines affordable housing and rural exception sites as follows:

**NPPF Annex 2 Glossary**

**Affordable Housing:** Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

**Rural exception sites:** Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

- 2.1.2 As shown in table 1 and 2 Rentplus aligns well with national policies and guidance that seek to increase delivery of affordable housing (and growth in general), particularly paragraphs 47 and 50 of the NPPF. However, as can be seen in the above definitions a hybrid product such as Rentplus neither falls under the definition of affordable rent nor intermediate housing. Local Planning Authorities preparing plans or making decisions on planning applications can integrate and support the provision of Rentplus affordable housing at their discretion, as many have done. However, for products such as Rentplus to achieve the scalability they desire changes are required to national policy and guidance to allow products such as this to help bring forward a step change in delivery capable of filling and exceeding the gaps created by the proposed planning, housing and welfare reforms.
- 2.1.3 Savills predict that by 2019 the Private Rented Sector (PRS) will exceed 6m versus approximately 4m in social rented accommodation. At the same time owner occupation is reducing to closer to 14.67m and the age of first time buyers will increase further (Under 35s will reduce from 28% to 16% and 35-49 year-olds will see private renting increase by 31%)<sup>11</sup>.
- 2.1.4 Recent data released by DCLG would suggest this prediction is well founded, at the end of 2013/14 there were 4.4m households in the private rented sector accommodation compared to 3.9m in social housing, meaning there are now around half a million more people living in PRS

<sup>11</sup> Residential Property Focus Q4 2014, Savills World Research UK Residential (November, 2014)  
Rent Plus Report August 2015

than in social housing (the first time this has occurred in decades)<sup>12</sup>. This data also shows that home ownership has steadily fallen from 14.6m in 2008/09 to 14.3m in 2013/14. Another data set from this release shows a trend for falling rates of owner occupation for the under 35s<sup>13</sup>:

**Table 1 Percentage of each age group that are owner occupiers**

	16-24	25-34	35-44	45-64	65-74	75+
1981	32	62	69	59	50	47
1991	36	67	78	76	62	53
2008/09	14	51	67	76	78	72
2009/10	14	47	67	76	79	73
2010/11	12	43	63	76	76	75
2011/12	10	43	64	74	78	73
2012/13	11	40	62	74	79	76
2013/14	9	36	59	72	79	76

2.1.5 In 2013/14, of all home owners that bought their homes 56% used proceeds from the sale of a previous home as a source of finance for purchase (other than a mortgage), 39% used savings, 7% used money from family or friends and 3% used inherited money<sup>14</sup>. DCLG also published data on households who have entered into owner occupation in the previous three years up to 2013/14. Only 3.4% came from the social rented sector, compared to 72.1% from private rented accommodation and 24.5% who had moved from new households<sup>15</sup>. This would suggest that those in rented accommodation are still finding the path to home ownership extremely challenging.

2.1.6 Rentplus is designed to be attractive to the private sector and acceptable to LAs and RPs. Rentplus' funders like the fact that the products are let on a 20 year FRI lease as it means they are regulated within the social housing sector<sup>16</sup> and administered by RPs. The future strategy is to form a national network of small RPs to share best practice. The HCA (via the builders finance fund) and GLA (via the Rent to Buy fund) would both like to provide funding but Rentplus is not reliant on such sources. Rentplus is a scalable product benefiting new investors and so not from the affordable housing sector and thus is not reliant on subsidy or grant. It is a new way of delivering affordable housing; Rentplus aim to develop 5,000 units by 2020 with a further 8,000 in the pipeline but with the intention to triple these numbers. Government can help Rentplus to achieve this aim by amending the definition of affordable housing alongside the forthcoming planning, housing and welfare reforms.

<sup>12</sup> Source: English Housing Survey, full household sample, August 2014 (FT1101: Trends in Tenure) Accessed at: <https://www.gov.uk/government/statistical-data-sets/owner-occupiers-recent-first-time-buyers-and-second-homes>

<sup>13</sup> Ibid - FC2101: percentage of each age group that are owner occupiers

<sup>14</sup> Ibid - FA2321: sources of finance, other than a mortgage, for purchase of current property

<sup>15</sup> FA4401 : previous tenure of recent owners by current tenure. Accessed at:

<https://www.gov.uk/government/statistical-data-sets/new-households-and-recent-movers>

<sup>16</sup> Registered providers are financially regulated and funded by the government through the Homes and Communities Agency, which is responsible for the construction of new social homes.



## 3 Assessment of Local Plan policies

- 3.1.1 This section analyses a series of Local Plans to assess the potential suitability of the Rentplus model at a variety of local authorities. The sample of Local Plans was chosen to provide a geographical spread and to reflect different political and planning contexts in the UK. For example, Croydon is a London Borough and as such its development plan also includes the London Plan. Croydon also has an adopted CIL and developers must pay a proportion of CIL to the Mayor for Crossrail (all factors that may come into play for affordable housing contributions). Cornwall is a new unitary (established in 2009 from six districts and the County Council) and as such many of the planning policies that were used by the former districts have been saved until such time that a county wide Local Plan is adopted. These policies will be used to determine planning applications that are submitted to Cornwall Council, albeit that the national guidance of the NPPF will be given greatest weight in decision making if the saved policies are considered out-of-date. The section also analyses a number of two-tier authorities, including an example of a joint Local Plan covering a wide area and two districts that worked jointly on evidence base and strategy but submitted two separate plans for joint examination.
- 3.1.2 All of the factors described have implications on the levels of affordable housing required in each local authority and the different approaches employed to tenure mix and negotiations. This section reviews the extant and forthcoming policies in the submitted Local Plans to assess opportunities for the application of Rentplus and to highlight issues borne from the current wording of national policy and guidance.

### 3.2 London Borough of Croydon

#### **Croydon Summary**

The London Mayor recognises that different tenures will have particular roles in meeting the housing requirements of the capital, with an improved mix of products required to attract new providers and forms of finance to help to diversify and better balance London's housing market. The benefits of Rentplus clearly align with the objectives of the London Plan and Mayor's Housing Strategy (see Table 2 below) which encourage boroughs to adopt a flexible approach to delivery.

High density growth in in the Croydon Town Centre Opportunity Area can sometimes mean that local Registered Providers will not always take on stock in high rise flatted schemes due to the higher costs associated with their maintenance. A Rentplus product would be desirable in such situations where RPs receive a management fee from Rentplus.

Policy SP2.2c of the Croydon Local Plan envisages empty homes being brought back into use. This objective could be part funded through the cascade system employed by Rentplus where units are sold on the open market and the LA receives 7.5% of the sale price to reinvest in affordable housing.

SP2.3 sets out that over the plan period a split of 25% affordable rent OR social rent; and 10% intermediate housing will be expected. This approach would seem a good fit with Rentplus as the Hybrid nature allows the 5/10 year disposals to be considered as intermediate products while the 15/20 year disposals as a long term rented tenure.

For areas outside of the town centre Opportunity Area, the Council states that a 60:40 ratio between affordable or social rent and intermediate low cost home ownership will be required unless there is agreement between Croydon Council and a Registered Provider that a different tenure split is justified. Rentplus would offer the Council the opportunity to look at more flexible arrangements where individual site circumstances dictate that a different approach is required.

- 3.2.3 The Croydon local plan: A strategic plan, formerly known as the core strategy, was adopted on 22 April 2013 by Full Council. When considering proposals for development in the borough, the overall development plan should be considered. This comprises the Croydon local plan: strategic policies,

the Mayor's London plan, the saved policies from Croydon's unitary development plan (UDP) of 2006 and the South London waste plan. Upon its adoption in 2013 the Croydon Local Plan: Strategic Policies replaced all affordable housing Unitary Development Plan 2006 policies. The detailed policies and proposals development plan document is currently being produced by the council. Croydon's spatial planning team has already started preparing the second part of the Croydon local plan: detailed policies and proposals (CLP2), and once adopted the saved policies of the UDP will no longer apply.

**Table 3 LB Croydon Core Strategy Affordable Housing Policies**

Core strategy Policy	Affordable Housing Context	Aecom comments
<p><b>Policy SP2: Homes</b></p>	<p><b>SP2.1</b> In order to provide a choice of housing for people in socially-balanced and inclusive communities in Croydon the Council will apply a presumption in favour of development of new homes provided applications for residential development meet the requirements of Policy SP2 and other applicable policies of the development plan.</p> <p><b>Quantities and Locations</b></p> <p><b>SP2.2</b> In order to provide a choice of housing for people in Croydon the Council will seek to deliver a minimum of 13,300 homes between 2011 and 2021 in line with London Plan target for new homes. Between 2021 and 2031 it will seek to deliver a further 6,900 homes. Therefore, overall, the Council will seek to deliver 20,200 homes over the plan period (2011 - 2031). This will be achieved by:</p> <ul style="list-style-type: none"> <li>a. Concentrating development in the places with the most capacity to accommodate new homes whilst respecting the local distinctiveness of the Places and protecting the borough's physical, natural and historic environment; and</li> <li>b. Preparing a Croydon Local Plan: Detailed Policies and Proposals DPD, to allocate at least 5,600 net additional homes in the borough outside of the Croydon Opportunity Area. Within the Croydon Opportunity Area, the Croydon Local Plan: Detailed Policies and Proposals DPD will be informed by an Opportunity Area Planning Framework and will allocate sites for at least 7,3009 net additional homes; and</li> <li>c. Seeking to return 910 vacant homes back into use by 2021 and providing 200 additional non-self contained bed spaces<sup>10</sup> by 2021 in line with the London Plan; and</li> <li>d. In conjunction with the Croydon Local Plan: Strategic Policies prepare a Croydon Local Plan: Detailed Policies and Proposals DPD (supported by the Strategic Housing Land Availability Assessment) to guide the development of housing on windfall sites across the borough to ensure delivery of at least 6,100 homes (2011 - 2031), that land is used efficiently, and that development addresses the need for different types of homes in the borough and contributes to the creation or maintenance of sustainable communities; and</li> <li>e. Not permitting developments which would result in a net loss of homes or residential land.</li> </ul> <p><b>Affordable Homes</b></p> <p><b>SP2.3</b> The Council will seek to ensure that a choice of homes is available in the borough that will contribute to addressing the borough's need for affordable homes. This will be achieved by a strategic policy target of:</p> <ul style="list-style-type: none"> <li>a. 25% of all new homes developed in the borough over the plan period to be either affordable rented homes (homes which are up to 80% market rent) or homes for social rent to meet the borough's need; and</li> <li>b. 10% of all new homes in the borough developed over the plan period to be intermediate affordable housing for low cost shared home ownership managed by a Registered Social Landlord.</li> </ul> <p><b>SP2.4</b> The Council will apply the following criteria on a site specific basis to deliver affordable housing in the borough:</p> <ul style="list-style-type: none"> <li>a. Negotiate to achieve up to 50% affordable housing provision on sites</li> </ul>	<p>High density growth in in the Croydon Town Centre Opportunity Area can sometimes mean that local Registered Providers will not always take on stock in high rise flatted schemes due to the higher management costs associated with their maintenance. A Rentplus product may be more desirable in such situations where there is flexibility built in and RPs receive a management fee from Rentplus.</p> <p>Policy SP2.2c of the Croydon Local Plan envisages empty homes being brought back into use. This objective could be part funded through the cascade system employed by Rentplus where units are sold on the open market and the LA receives 7.5% of the sale price to reinvest in affordable housing. SP2.3 sets out that over the plan period a split of 25% affordable rent OR social rent; and 10% intermediate housing will be expected. This approach would seem to be a good fit with Rentplus that offers discounted rent initially and the ability for tenants to take up the option of purchasing their property at years 5/10/15/20 benefiting from a gifted deposit. For areas outside of the town centre Opportunity Area, the Council states that a 60:40 ratio between affordable or social rent and intermediate low cost home ownership will be required unless there is agreement between Croydon Council and a Registered Provider</p>

	<p>with ten or more units on the basis set out in Table 4.1; and</p> <p>b. Require a commuted sum from developments of nine or fewer units to cover the cost of providing the equivalent percentage of affordable units. The commuted sum will be used to provide affordable homes through Croydon Council's New Build Affordable Homes programme or by a Registered Provider.</p> <p>Supporting text: 4.10 Croydon Council considers that affordable rent homes (homes available at 80% of market rent levels) meet a range of housing needs within the affordable sector (including the need for social rented affordable homes due to the availability of Universal Credit/Housing Benefit to tenants unable to afford the full rent for an affordable rent property). Development proposals should be accompanied by a sustainable letting scheme to support the use of affordable rent homes in meeting the need for social rented housing and also develop and maintain balanced communities.</p>	<p>that a different tenure split is justified. Rentplus would offer the Council the opportunity to look at more flexible arrangements where individual site circumstances dictate a different approach.</p> <p>SP2.4 outlines Croydon's approach to an overall target which would be based on a Dynamic Viability Model (based upon BCIS cost index and the House Price Index). The level of affordable housing will be assessed every three years. This unique DVM approach demonstrates Croydon's grasp of local viability challenges. Croydon and Councils with a similar approach (e.g. Waltham Forest, King's Lynn &amp; West Norfolk) may be interested to explore the flexibility that Rentplus can offer.</p>
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3.2.4 The London Plan also includes a number of affordable housing policies and is part of every London Borough's development plan. Below are a series of helpful extracts for the Rentplus model:

*Table 2 Mayor's housing policies and strategy*

Regional policy and strategy	Affordable Housing Context	Aecom comments
<p>London Plan Policy 3.8 Housing Choice</p>	<p>Strategic A Londoners should have a genuine choice of homes that they can afford and which meet their requirements for different sizes and types of dwellings in the highest quality environments.</p> <p><b>LDF preparation and planning decisions</b> B To inform local application of Policy 3.3 on housing supply and taking account of housing requirements identified at regional, sub-regional and local levels, boroughs should work with the Mayor and local communities to identify the range of needs likely to arise within their areas and ensure that: a new developments offer a range of housing choices, in terms of the mix of housing sizes and types, taking account of the housing requirements of different groups and the changing roles of different sectors in meeting these a1 the planning system provides positive and practical support to sustain the contribution of the Private Rented Sector (PRS) in addressing housing needs and increasing housing delivery b provision of affordable family housing is addressed as a strategic priority in LDF policies e account is taken of the changing age structure of London's population and, in particular, the varied needs of older Londoners, including for supported and affordable provision f account is taken of the needs of particular communities with large families g other supported housing needs are identified authoritatively and co-ordinated action is taken to address them in LDF and other relevant plans and strategies</p>	<p>Paragraph 3.44 recognises that different tenures will have particular roles in meeting these requirements, with renting as well as owner occupation playing an important part in the private sector and, in the affordable sector, a more diverse range of intermediate housing products providing greater flexibility for movement between tenures and the affordable rent product to address the same housing needs as social rented housing. The Rentplus model clearly aligns very well with this regional strategic policy.</p>
<p>London Plan Policy 3.10</p>	<p>Strategic and LDF preparation A Affordable housing is social rented, affordable rented and</p>	<p>The London Plan repeats the definitions in the NPPF.</p>

Definition Of Affordable Housing	intermediate housing (see para 3.61), provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.	With the added stipulation that intermediate products should only be available to households whose annual income is in the range £18,100–£66,000. For homes with more than two bedrooms, which are particularly suitable for families, the upper end of this eligibility range will be extended to £80,000.
London Plan Policy 3.11 Affordable Housing Targets	C LDF affordable housing targets should take account of: d the need to promote mixed and balanced communities (see Policy 3.9) f the viability of future development, taking into account future resources as far as possible.	Clause f is particularly pertinent in light of forthcoming welfare/housing/planning reforms. Borough's should seek to adopt a revised definition of affordable housing
Homes For London: The London Housing Strategy 2014	<p><b>Part 2 Setting the Ambition</b>  <b>Increasing the supply of new home</b>  <b>2.3 Delivering a better mix of homes</b>  ...it is essential to deliver homes suitable for those across the income spectrum. Given the SHMA identified a serious deficit in housing supply in the mid-market, there needs to be a better balance of housing products beyond the traditional split of homes for market sale and for social rent. This improved mix of products could also attract new providers and forms of finance to help to diversify and better balance London's housing market</p> <p>...just 1.3 per cent of London homes are low cost home ownership, despite this emerging as a highly relevant new tenure for those priced out of mainstream owner-occupation. The evidence in the SHMA shows that this tenure is seriously undersupplied given the increasing pressures facing modestly paid households. The average first time buyer is now in the top 20 per cent of the household income distribution, with those on low and middle incomes struggling to afford new homes outside the rented sector. This latter group must be a greater priority in future funding plans</p> <p>...Equally important is providing good quality homes to rent. To encourage the significant increase in the supply of new market homes that is needed, the Mayor will seek to ensure that private developers and registered providers build at least 5,000 long-term private rented homes a year. Any scheme of more than one phase should ideally build private rented homes that remain available in that sector for an extended period, preferably through a covenant mechanism that prevents them being sold. Local planning authorities are encouraged to take into account the impact on viability of such an approach for relevant planning applications. This strategy is the first to set a target for purpose-built rented homes as part of its target for 42,000 homes per annum.</p> <p>... Traditionally, affordable housing has not delivered a product explicitly designed for low income working households. While many middle income Londoners struggle to find a decent affordable home to rent in the open market, they do not necessarily need rents as heavily subsidised as target rents for social housing. Providing homes for these households, with rents set above target rent levels but below market rents - defined here as 'discounted' rents - will greatly reduce the subsidy needed for these homes and so get more homes built. Ensuring these homes are provided for low and middle income working households will give providers greater certainty over their viability and will provide a rented offer to complement the continued provision of low cost home ownership products. Alongside this approach, providing rented homes for those on very low incomes, particularly families who are reliant on</p>	<p>The Mayor's strategy explicitly supports non-traditional housing products that support a mix of tenures and would attract new providers and forms of finance. The GLA and HCA are supportive of the Rentplus model.</p> <p>The Rentplus model addresses this issue by providing rented accommodation below market rates and gifts a deposit when tenants have demonstrated creditworthiness.</p> <p>Rentplus guarantees a set percentage of rented accommodation via 20 year FRI leases, enforced through a memorandum of understanding, model s106 wordings and legal agreement.</p> <p>Rentplus are not reliant on public subsidy and are able to provide discounted rents without being affected by central government caps to affordable rented products. The product is designed to help tenants transition to home ownership and freeing up much needed social rented properties.</p>

	<p>benefit support, remains a priority. Given very high rents in the market sector, the Mayor will support the provision of homes at lower rents for this group – defined here as ‘capped’ rents</p> <p><b>Part 3 Fulfilling the Covenant</b>  <b>Supporting working Londoners</b>  <b>3.1 Redefining need</b></p> <p>...the Shelter Report ‘Homes for Forgotten Families’<sup>17</sup> argues: “We need a lot more shared ownership, and it needs to operate much more like the mainstream market”. The Mayor agrees with their analysis that, alongside a continued commitment to helping those in the most acute housing need, more priority needs to be focused on the working households that are the backbone of the economy, but who cannot afford to meet their housing aspirations in the capital.</p> <p>... the draft Further Alterations to the London Plan amended policy to treat intermediate homes as a pan-London resource, by ensuring that homes are available to all Londoners meeting headline First Steps eligibility criteria, where there is insufficient local demand during a specified period. These policies, alongside the draft Further Alterations to the London Plan, clarified eligibility for First Steps homes in London. That is:</p> <ul style="list-style-type: none"> <li>▪ Households on incomes set out in the London Plan intermediate income range, and updated annually in the Annual Monitoring Report, currently no more than £66,000 per annum, or £80,000 per annum where it is a family buying a three bed or larger home.</li> <li>▪ Households that live or work in London, with priority in the first instance being given to members of the armed forces and those in social rented housing.</li> <li>▪ Households that are first time buyers or are existing occupiers of intermediate housing.</li> </ul> <p>Local criteria that further restrict eligibility by occupational definition, income level, or local connection are discouraged, but where boroughs choose to do this through planning policy, they should apply for no more than three months from initial marketing.</p>	<p>The Rentplus village concept offers an estate agent service and site marketing akin to the mainstream market. Tenants are able to co-design elements of their properties.</p> <p>Rentplus products would offer a suitable alternative to traditional intermediate housing were it made available to eligible First Steps applicants and advertised on the London portal.</p>
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3.2.5 Alongside the local and regional policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts																			
Croydon Local Housing Market Assessment 2008 (Updated Modelling Outputs Covering Period to 2031 March 2010) <sup>18</sup>	<p>The tables below compare the housing requirements for the period 2007-2031 based upon the Low and High estimates from the GLA 2008 round household projections.</p> <table border="1" data-bbox="464 1442 1433 1709"> <thead> <tr> <th data-bbox="464 1442 659 1559">GLA 2008 Household Projections Scenario</th> <th data-bbox="659 1442 847 1559">Market Housing</th> <th data-bbox="847 1442 1042 1559">Intermediate Affordable Housing</th> <th data-bbox="1042 1442 1236 1559">Social Rented Housing</th> <th data-bbox="1236 1442 1433 1559">Overall Housing Requirement</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1559 659 1621">Low Household Projections</td> <td data-bbox="659 1559 847 1621">5,700 (31.0%)</td> <td data-bbox="847 1559 1042 1621">6,700 (36.5%)</td> <td data-bbox="1042 1559 1236 1621">6,000 (32.6%)</td> <td data-bbox="1236 1559 1433 1621">18,300 (100%)</td> </tr> <tr> <td data-bbox="464 1621 659 1709">High Household Projections</td> <td data-bbox="659 1621 847 1709">17,100 (50.7%)</td> <td data-bbox="847 1621 1042 1709">7,900 (23.5%)</td> <td data-bbox="1042 1621 1236 1709">8,700 (25.8%)</td> <td data-bbox="1236 1621 1433 1709">33,800 (100%)</td> </tr> </tbody> </table> <p>Using the GLA Low household projections, on the basis of 2007/08 house prices:            80% of the future requirement for social rented housing is for smaller homes (&lt;2 bedrooms)            65% of the requirement for intermediate housing is for smaller homes (&lt;2 bedrooms)            40% of the requirement for market housing is for smaller homes (&lt;2 bedrooms)            The 2002 household survey for Croydon identified that nearly 3,000 current social rented households had too few bedrooms for their identified needs... However, resolving the backlog</p>					GLA 2008 Household Projections Scenario	Market Housing	Intermediate Affordable Housing	Social Rented Housing	Overall Housing Requirement	Low Household Projections	5,700 (31.0%)	6,700 (36.5%)	6,000 (32.6%)	18,300 (100%)	High Household Projections	17,100 (50.7%)	7,900 (23.5%)	8,700 (25.8%)	33,800 (100%)
GLA 2008 Household Projections Scenario	Market Housing	Intermediate Affordable Housing	Social Rented Housing	Overall Housing Requirement																
Low Household Projections	5,700 (31.0%)	6,700 (36.5%)	6,000 (32.6%)	18,300 (100%)																
High Household Projections	17,100 (50.7%)	7,900 (23.5%)	8,700 (25.8%)	33,800 (100%)																

<sup>17</sup> Homes for forgotten families: towards a mainstream shared ownership market, Shelter, August 2013

<sup>18</sup> <https://www.croydon.gov.uk/sites/default/files/articles/downloads/croydonstrathousingmarketassesmodelling.pdf>

	of need from 2002 does have a considerable impact on the size mix of dwellings which are required in the social sector. 1 and 2 bedroom dwellings required decline to 65% of the total, while 4+ bedrooms rise from 2% to 10% of the requirement. Therefore, there would appear to be a clear justification for providing an increased amount of larger social units.																																			
The 2013 London Strategic Housing Market Assessment <sup>19</sup>	<p>The SHMA does not mention Croydon specifically, instead looking only at the regional London level.</p> <p>Chapter 3 set out details of how the GLA has produced three separate household projections based on the Low, Central and High population projection scenarios. The Central household projection, considered the most likely of the three, has been used as the basis of the main housing requirements model in this report.</p> <p><b>Table 19: Final net annualised housing requirements 2015/16 to 2034/35: Main results</b></p> <table border="1" data-bbox="470 616 1439 795"> <thead> <tr> <th></th> <th>1b</th> <th>2b</th> <th>3b</th> <th>4b+</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Market</td> <td>2,798</td> <td>5,791</td> <td>8,545</td> <td>6,083</td> <td>23,217</td> <td>48%</td> </tr> <tr> <td>Intermediate</td> <td>3,357</td> <td>2,240</td> <td>2,506</td> <td>1,799</td> <td>9,902</td> <td>20%</td> </tr> <tr> <td>Social Rent</td> <td>10,225</td> <td>1,003</td> <td>1,774</td> <td>2,720</td> <td>15,722</td> <td>32%</td> </tr> <tr> <td>Total</td> <td>16,381</td> <td>9,034</td> <td>12,825</td> <td>10,602</td> <td>48,841</td> <td>100%</td> </tr> </tbody> </table>		1b	2b	3b	4b+	Total	%	Market	2,798	5,791	8,545	6,083	23,217	48%	Intermediate	3,357	2,240	2,506	1,799	9,902	20%	Social Rent	10,225	1,003	1,774	2,720	15,722	32%	Total	16,381	9,034	12,825	10,602	48,841	100%
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### 3.3 Cornwall Council

#### **Cornwall Summary**

The LAs submitted rural exception site policy, which under the NPPG guidance, has the potential to include products other than the traditional social rent, affordable rent and intermediate housing. Rentplus is particularly attractive for sites such as this where it's important to establish a mix of products and affordable tenures and would be usefully deployed in early phases or as part of the Rentplus village concept offering upfront delivery. Rentplus meets and exceeds many of these clauses and could be viewed as part of the tenure mix which could help to enable development of other products such as social rent.

The housing mix policy includes a clause whereby the LA will help to encourage mixed communities and respond to changing demographics. The Rentplus model has the added benefit of serving residents at different stages of affordable housing need i.e. subsidised rent and also the ability to assist first time buyers.

Cornwall's stipulation that 70% of affordable homes provide rented homes that do not exceed the local housing allowance fits well with the Rentplus model which ensures the tenant is offered 5 year renewable tenancy agreement of the property, with the rent set at the lower of 80% of open market rental level (including service charge) or Local Housing Allowance level. Similarly the offer of a 10% deposit would satisfy the requirements for intermediate housing.

Cornwall includes a cascade approach where viability militates against affordable housing. Rentplus could be offered in scenarios where Cornwall cannot meet their targets through the provision of traditional products alone (whilst it should be acknowledged that Rentplus is not a product of last resort on viability grounds).

- 3.3.2 The emerging Cornwall Local Plan: Strategic Policies document was submitted to the Secretary of State on Friday 6 February 2015. The plan supports sustainable economic growth and provides policies to support the delivery of housing to meet needs. The policies of the Local Plan provide a particular priority on the support for affordable housing and as part of that a focus upon supporting the delivery of housing to meet local needs with restrictions via a local connection.

<sup>19</sup> [https://www.london.gov.uk/sites/default/files/FALP%20SHMA%202013\\_0.pdf](https://www.london.gov.uk/sites/default/files/FALP%20SHMA%202013_0.pdf)  
Rent Plus Report August 2015

**Table 4 Cornwall Council Local Plan Affordable Housing Policies**

Emerging Local Plan Policy	Affordable Housing Context	Aecom comments
<b>Policy 3: Role and function of places</b>	<p>The scale and mix of uses of development and investment in services and facilities should be proportionate to the role and function of places. New development 2010-2030 will be accommodated in accordance with the following hierarchy:</p> <p>3. Outside of the main towns identified in this policy housing growth will be delivered through identification of sites where required through Neighbourhood Plans, affordable housing led schemes (i.e. exception schemes where market housing is required to provide cross subsidy) under Policy 9 and infill development.</p>	<p>The LAs submitted rural exception site policy, which under the NPPG guidance, has the potential to include products other than the traditional social rent, affordable rent and intermediate housing. Rentplus is particularly attractive for sites such as this where it's important to establish a mix of products and affordable tenures.</p>
<b>Policy 6: Housing mix</b>	<p>New housing developments will be required to include a mix of house size, type, price and tenure to address identified needs and market demand and to support mixed communities, based on the following principles:</p> <ol style="list-style-type: none"> <li>Proposals of 10 or more dwellings should seek to provide a range of housing type and tenure.</li> <li>To achieve this mix development should aim to: <ul style="list-style-type: none"> <li>Address affordable housing need and housing demand;</li> <li>Contribute to the diversity of housing in the local area and help to redress any housing imbalance that exists;</li> <li>Respond to the requirements of a changing population; and</li> <li>Employ imaginative design solutions.</li> </ul> </li> </ol>	<p>The policy clauses included under sub clause (2) would suggest that the Council would be interested in a product that can help to encourage mixed communities and respond to changing demographics. The Rentplus model has the added benefit of serving residents at different stages of affordable housing need i.e. subsidised rent and also the ability to assist first time buyers.</p>
<b>Policy 8: Affordable housing</b>	<p>All new housing schemes within the plan, including mixed use schemes, on sites where there is a net increase of two units or more or 0.2 of a hectare developments (not including replacement dwellings) must contribute towards meeting affordable housing need.</p> <p>Developments will aim to provide the target levels of affordable housing as set out below. Contributions will be in accordance with the requirements set out in the Affordable Housing SPD. The SPD provides guidance on viability and the circumstances under which contributions may be varied or reviewed.</p> <p>The following provision on site will be sought:  50% in Zone 1 and 2 including the town of St Ives;  40% in Zones 3, 4 and 5 including the towns of Falmouth / Penryn; Truro; Bodmin; Bude; Saltash; Hayle; Launceston; St Austell; Wadebridge; Penzance; Camborne/Pool/Redruth; Helston and Liskeard.</p> <p>The mix of affordable housing products will vary through negotiation and shall be provided taking into account the Council's evidence of housing need and any viability constraints identified, reflecting the different markets in different value zones. However, the target provision is typically in the following tenure proportions:  70% rented homes owned and or managed by a bona fide affordable housing provider, provided that the initial rent level (inclusive of any relevant service charges) does not exceed the local housing allowance  30% intermediate housing for rent or sale, provided that the homes are available at first and subsequent occupation at a price which is affordable to a typical local household, taking into account the estimated purchasing power in such households.</p> <p>Planning obligations will be used to ensure that affordable housing is provided and retained for eligible local households.</p>	<p>Cornwall's approach of zoning the affordable housing requirements is similar to that employed in Croydon. This focus on viability should help support the case for Rentplus on schemes in lower value areas that may be more marginal and require more innovative products.</p> <p>In addition, the policy explicitly states that the products will vary depending on the evidence available. Cornwall's stipulation that 70% of affordable homes provide rented homes that do not exceed the local housing allowance fits well with the Rentplus model which ensures the tenant is offered 5 year renewable tenancy agreement of the property, with the rent set at the lower of 80% of open market rental level (including service charge) or Local Housing Allowance level. Similarly the offer of a 10% deposit would satisfy the requirements for intermediate housing.</p>

	<p>There may be some circumstances, particularly on sites of 5 dwellings or less, where it is more economic or sustainable to seek a financial contribution towards the provision of affordable housing on an alternative site.</p> <p>Any off site contributions will be broadly equivalent in value to on site provision and secured to support the delivery of affordable housing through a planning obligation.</p> <p>The Council may in some circumstances, subject to viability, also seek a contribution towards affordable housing from a non-housing development judged to have a significant and demonstrable impact on the local housing market.</p> <p>A financial or other contribution will be sought from proposals to remove holiday occupancy restrictions on existing dwellings where there is evidence of need and where development would otherwise have been provided on site for community infrastructure including affordable housing.</p>	
<p><b>Policy 9: Affordable housing led schemes</b></p>	<p>Development proposals on sites outside of existing built up areas in smaller towns, villages and hamlets, whose primary purpose is to provide affordable housing to meet local needs will be supported where well related to the settlement and appropriate in scale, character and appearance.</p> <p>Proposals should be developed in accordance with guidance provided in the Affordable Housing SPD. The number, type, size and tenure should reflect identified local needs as evidenced through the Cornwall housing register or any specific local surveys completed using an approved methodology, as detailed in the SPD.</p> <p>While the purpose of such developments should be to provide affordable local needs housing, the inclusion of market housing in such proposals will be supported where;</p> <ul style="list-style-type: none"> <li>i) It can demonstrate it meets a local need for housing; and</li> <li>ii) The Council is satisfied it is essential for the successful delivery of the development. (For example to fund abnormal development costs or to deliver a balanced, sustainable community); and</li> <li>iii) It has the support of the local community measured by the level of support received from the parish council, a positive outcome from a local referendum or where there is evidence that it is a community led proposal; and</li> <li>iv) Market housing does not represent more than 50% of the homes or 50% of the land take, excluding infrastructure and services.</li> </ul> <p>The Council will secure the first and future occupation of the affordable homes to those with a housing need and local connection to the settlement or parish in line with the Councils adopted local connection policies.</p>	<p>Policy 9 provides details of the Council's rural exception site policy and provides detail on instances where the inclusion of market housing would be supported. Rentplus meets and exceeds many of these clauses and could be viewed as part of the tenure mix which could help to enable development of other products such as social rent.</p>
<p><b>Policy 10: Publicly owned sites</b></p>	<p>On sites within the ownership of the public sector or sites which were previously owned by the public sector (but have been disposed of for the purpose of redevelopment) but which had a public sector use or ownership immediately prior to disposal, the Council will seek to negotiate an element of affordable housing to a target of 50% of the development.</p>	<p>Policy 10 would still have to comply with the viability policy in the NPPF/NPPG. As such landowners (even public sector bodies) should expect to receive 'competitive returns' for their land based on today's costs and values. As such onerous affordable housing requirements cannot be required where viability evidence suggests otherwise. In addition, public bodies are guided by the HM Treasury Green Book (which states they must value assets at market prices using the RICS Red Book) and Section 123 of</p>



		<p>the Local Government Act 1972 provides that local authorities may (with a minor exception relating to playing fields in Wales) dispose of land as they see fit, but:</p> <p><i>"(2) Except with the consent of the Secretary of State, a council shall not dispose of land under this section otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained."</i></p> <p>Rentplus would again offer an alternative more valuable product that helps to meet affordable needs but would not suppress the land value to the same degree than say a wholly social rented scheme.</p>
<p><b>Policy 11: Managing viability</b></p>	<p>Where the Council is satisfied through the submission of appropriate evidence that the proposal cannot deliver the full quota of affordable housing without affecting the viability of the scheme to such an extent that it cannot proceed, it will adopt the following sequential approach with the aim of securing the maximum contribution to affordable housing achievable;</p> <ol style="list-style-type: none"> <li>1. The alteration of the housing mix to reduce scheme costs.</li> <li>2. Securing public subsidy or other commuted sums, recognising that this may result in further changes to scheme mix and the delivery timescales</li> <li>3. The alteration of the affordable housing tenure mix within the development</li> <li>4. Consideration of an off –site contribution for improved number or range of affordable housing.</li> </ol> <p>If after considering the above options only very limited or no affordable housing can be secured due to market conditions at a particular moment in the economic cycle, the Council will seek other mechanisms within a planning obligation to secure planning gain. These can include (but not be limited to) re-phasing, deferment of affordable housing obligations, options to reappraise the scheme at future phases or at commencement to allow viability to be re-assessed.</p>	<p>Policy 11 includes a cascade approach where viability militates against affordable housing. Rentplus could again be offered in scenarios where Cornwall cannot meet their targets through the provision of traditional products alone.</p>

3.3.3 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts
<p>Strategic Housing Market Needs Assessment (SHMNA) Main Report Plymouth City Council, South Hams District Council, West Devon Borough Council,</p>	<p>The analysis of the current need for affordable housing in the authority over the next five years indicates a high demand for this tenure. An annual need of 2,241 affordable properties is calculated as being required to meet newly arising need over the next five years as well as the existing backlog. The level of overall need reflects the impact of rising house prices over the first half of the last decade and the continued pressures on wages (i.e. household income) as well as the availability/ affordability of mortgage finance. It also reflects the fact that affordable housing makes up a relatively low proportion of the overall stock in the authority currently, approximately 12%, a proportion which is considerably below the national average of 17%.</p>

Cornwall Council and Dartmoor National Park Authority (2013)<sup>20 21 22</sup>

Specifically in terms of affordable housing the analysis indicates that there will be a high demand for smaller properties, 1 – 2 bed, with need for this size of property making up 82% of total need. Importantly, however, the lower levels of turnover in larger properties also suggests that in order to address future need and the current backlog, new larger affordable properties will also be required to allow choice within the housing market.

Total Housing Need (Annual)	1 bedroom	2 bedroom	3 bedroom	4+ bedroom	Total
Cornwall	64%	18%	11%	8%	100%

The analysis undertaken... shows that in Cornwall 46% of newly forming households are able to afford market housing of some form over the short-term.

Intermediate Housing – The SHMNA identified that in Cornwall this type of affordable housing could reasonably meet 6% of the overall level of need for affordable housing identified. This is in part reflective of the capacity of the committed pipeline of intermediate affordable housing in Cornwall to meet housing needs. Within Cornwall there is a strong annual supply of intermediate housing already committed for development. It is also informed by the capacity of households to afford access to this tenure based upon setting the upper limit for accessing intermediate products at the income required to access the private market. The lower limit was set at the income required to afford a 55% equity share in a home at the lower quartile price. This has been set to allow for a 50% equity purchase alongside a 5% deposit.

### 3.4 Greater Norwich Development Partnership

#### **Greater Norwich Development Partnership Summary**

The Local Plan sets out that the tenure mix will be determined on a site by site basis and be informed by the most up to date study of housing need and/or market assessment. The partnership's SHMA highlights a great need for lower intermediate and social rent products. Rentplus would help to free up social rented properties whilst offering an alternative route to home ownership other than a traditional intermediate product.

The joint Local Plan includes provision for rural exception sites. The NPPF definition allows for 'small numbers' of market homes at the local authority's discretion on rural exception sites, this would therefore allow for the provision of Rentplus products on these sites also, although the exact amount would be guided by the requirement to ensure the majority of units are available in perpetuity for local affordable needs. Rentplus is particularly attractive for sites such as this where it's important to establish a mix of products and affordable tenures and would be usefully deployed in early phases or as part of the Rentplus village concept offering upfront delivery.

- 3.4.1 The Greater Norwich Development Partnership Joint Core Strategy for Broadland, Norwich and South Norfolk was adopted March 2011, with amendments adopted January 2014.

<sup>20</sup> [http://www.cornwall.gov.uk/media/5830826/SHMNA-revised-2014.pdf?bcsi\\_scan\\_AB11CAA0E2721250=0&bcsi\\_scan\\_filename=SHMNA-revised-2014.pdf](http://www.cornwall.gov.uk/media/5830826/SHMNA-revised-2014.pdf?bcsi_scan_AB11CAA0E2721250=0&bcsi_scan_filename=SHMNA-revised-2014.pdf)

<sup>21</sup> Part One [http://www.cornwall.gov.uk/media/3628391/Cornwall-SHMNA-Overview-Report-Oct-2013-Part-1.pdf?bcsi\\_scan\\_AB11CAA0E2721250=0&bcsi\\_scan\\_filename=Cornwall-SHMNA-Overview-Report-Oct-2013-Part-1.pdf](http://www.cornwall.gov.uk/media/3628391/Cornwall-SHMNA-Overview-Report-Oct-2013-Part-1.pdf?bcsi_scan_AB11CAA0E2721250=0&bcsi_scan_filename=Cornwall-SHMNA-Overview-Report-Oct-2013-Part-1.pdf)

<sup>22</sup> Part Two <http://www.cornwall.gov.uk/media/3628392/Cornwall-SHMNA-Overview-Report-Oct-2013-Part-2.pdf>

Table 5 Joint Core Strategy Affordable Housing Policies

Joint Core Strategy Policy	Affordable Housing Context	Aecom comments
<p><b>Policy 4: Housing delivery</b></p>	<p>Allocations will be made to ensure at least 36,820 new homes can be delivered between 2008 and 2026, of which approximately 33,000 will be within the Norwich Policy Area (NPA – defined in Appendix 4), distributed in accordance with the Policies for places.</p> <p><b>Housing mix</b> Proposals for housing will be required to contribute to the mix of housing required to provide balanced communities and meet the needs of the area, as set out in the most up to date study of housing need and/or Housing Market Assessment.</p> <p><b>Affordable Housing</b> A proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2 hectares or more). The proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of this strategy the target proportion to meet the demonstrated housing need is:</p> <ul style="list-style-type: none"> <li>▪ on sites for 5-9 dwellings (or 0.2 – 0.4 ha), 20% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)</li> <li>▪ on sites for 10-15 dwellings (or 0.4 – 0.6 ha), 30% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)</li> <li>▪ on sites for 16 dwellings or more (or over 0.6 ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded, upwards from 0.5)</li> </ul> <p>The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure, provision together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing. At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.</p>	<p>Policy 4 sets out that the tenure mix can be determined on a site by site basis and be informed by the most up to date study of housing need and/or market assessment. This flexible approach would be helpful for Rentplus schemes in this area as secondary data sources could be used to highlight pent up demand for a hybrid product such as Rentplus. The partnership's SHMA highlights a great need for lower intermediate and social rent products. Rentplus products would help to free up social rented properties whilst offering an alternative route to home ownership other than a traditional intermediate product. Similarly, the HBF's register for starter homes and each local authority's register of self-builders/custom builders would be helpful in highlighting additional new demand.</p> <p>As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals.</p>
<p><b>Policy 17: Smaller rural communities and the countryside</b></p>	<p>In the countryside (including villages not identified in one of the above categories), affordable housing for which a specific local need can be shown will be permitted in locations adjacent to villages as an exception to general policy. Farm diversification, home working, small-scale and medium-scale commercial enterprises where a rural location can be justified, including limited leisure and tourism facilities to maintain and enhance the rural economy, will also be acceptable. Other development, including the appropriate replacement of existing buildings, will be permitted in the countryside where it can clearly be demonstrated to further the objectives of this Joint Core Strategy.</p>	<p>The joint Local Plan includes provision for rural exception sites. The NPPF definition allows for 'small numbers' of market homes at the local authority's discretion on rural exception sites, this would therefore allow for the provision of Rentplus products on these sites also, although the exact amount would be guided by the requirement to ensure the majority of units are available in perpetuity for local affordable needs.</p> <p>As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals.</p>

3.4.2 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts				
Greater Norwich Housing Market Assessment Report – (September 2007) <sup>23</sup>	<b>Net requirement (annualised)</b>				
	Housing Type	Broadland	Norwich	South Norfolk	Greater Norwich Sub-region
	Market	233	499	365	1,097
	Upper & Middle Intermediate	37	24	45	106
	Lower Intermediate & Social	61	600	76	736
	<b>Total</b>	<b>330</b>	<b>1,122</b>	<b>485</b>	<b>1,938</b>
	<p>The market requirement is the amount of housing demanded in the market. The upper and middle intermediate requirement shows housing need for intermediate housing. Households in the upper and intermediate category are unable to buy or rent in the market but can afford intermediate housing products such as shared ownership. The lower intermediate and social requirement shows housing need for affordable rented housing. Households in the lower intermediate and social category are unable to afford to buy or rent in the market and they are unable to afford any of the intermediate housing options.</p>				
		Total	Market	Upper and Mid Intermediate	Lower Intermediate and Social Rent
	1 bedroom	329	18	22	289
	2 bedroom	557	275	26	256
	3 bedroom	692	577	36	79
	4+ bedroom	359	227	22	110
	<b>Overall</b>	<b>1,937</b>	<b>1,097</b>	<b>106</b>	<b>734</b>

### 3.5 Greater Cambridge: Cambridge City, South Cambridgeshire and East Cambridgeshire District Councils

#### **Greater Cambridge Summary**

The Greater Cambridge area includes a number of large housing schemes which require a mix of housing products. Due to the long term strategic nature of these sites it will be necessary for the LAs to adopt a flexible approach to delivery. The Rentplus village concept can take up serviced or unserviced sites in the early phase of large strategic developments. In light of the 'chronic shortage'<sup>24</sup> of affordable housing, Rentplus provides an alternative deliver model to the more traditional products.

Submitted policies for the Cambridge City and South Cambridgeshire Local Plans emphasise on-site provision of affordable housing that should be tenure blind in design i.e. indiscernible from and well integrated with the general market housing. The Rentplus village concept employs an estate agent approach, including on-site marketing and the ability for prospective tenants to co-design particular elements of the product. Rentplus products do not require separate site access and can sit alongside mainstream market housing.

<sup>23</sup> [http://www.south-norfolk.gov.uk/housing/media/GNHMA\\_final\\_report.pdf](http://www.south-norfolk.gov.uk/housing/media/GNHMA_final_report.pdf)

<sup>24</sup> Letter from joint Inspectors to Cambridge City and South Cambridgeshire Councils (dated 20 May 2015)  
Rent Plus Report August 2015

It is expected that the mix of dwellings and tenure types shall have regard to the differing needs for different unit sizes of affordable housing and market housing and to the council's Affordable Housing Supplementary Planning Document. The SPD states that the greatest need for affordable housing in terms of numbers of applicants is for social and affordable rent homes. However, there is also strong demand in Cambridge for intermediate tenures – including shared ownership. Rentplus as a hybrid product sits somewhere between affordable rent and intermediate housing and offers discounted rent and gifted deposits for tenants able to purchase their homes at 5 year intervals. The fact remains that a large number of affordable units and innovative products will be required to address the affordability issue cited by the Inspectors.

All three LAs include policies that make provision for affordable housing in 'perpetuity'. This wording will need to be reviewed in light of the summer 2015 Budget and productivity plan proposals. Rentplus would offer the LAs the opportunity to replenish stock and reinvest 7.5% of any proceeds for units sold on the open market. Through the cascade in the product the offer of perpetuity is there should the RP seek to purchase for a more traditional affordable housing product should a tenant fail to purchase

Greater Cambridge rural exception site policies acknowledge that viability may require revisiting the tenure mix or inclusion of a 'minimum' amount of market housing. Rentplus is particularly attractive for sites such as this where it's important to establish a mix of products and affordable tenures and would be usefully deployed in early phases or as part of the Rentplus village concept offering upfront delivery.

The East Cambs plan includes support for community-led affordable housing. As with neighbourhood planning generally this could present opportunities for the application of Rentplus in East Cambs where brought forward in partnership with community groups. Rentplus, in particular could help to demonstrate the case for products/schemes that contribute to local needs in the long term.

3.5.1 Interdependencies between the two administrative areas of Cambridge and South Cambridgeshire are well established through the location of key employment sites, patterns of travel to work and access to services and facilities. Both Councils have prepared new development plans that add to the development proposals from the Cambridge Local Plan 2006 and South Cambridgeshire Local Development Framework 2007-2010 to meet the needs of the Cambridge area for the period to 2031. The Councils have a long history of joint working reflecting the strong interaction between the two administrative areas and the two authorities have worked closely together on the preparation of their Local Plans, including joint consultation on issues and options of shared interest. The two submitted Local Plans were jointly examined.

3.5.2 Joint hearings have been undertaken as the first part of the examinations of the Cambridge City and South Cambridgeshire Local Plans, with further work currently being undertaken by both Councils and examination suspended to allow for further work. One element the inspectors picked up on was whether the Councils should look again at the affordability of housing in the area and consider whether an adjustment to the number of new homes proposed is appropriate:

*"From the discussion at the hearing, it seems to be generally accepted that there is a chronic shortage of affordable housing in Cambridge, even taking into account the Councils' recent updating of the SHMA following the review of the housing registers. There is no evidence before us that the Councils have carried out the kind of assessment of market signals envisaged in the Guidance; or considered whether an upward adjustment to planned housing numbers would be appropriate."* – Letter from joint Inspectors to Cambridge City and South Cambridgeshire Councils (dated 20 May 2015)

Table 5 Cambridge City Council Emerging Local Plan Affordable Housing Policies

Cambridge City Local Plan 2014: Proposed Submission (July 2013)	Affordable Housing Context	Aecom comments
<b>Policy 17: Southern Fringe Areas of Major Change</b>	<p>The Southern Fringe area, comprising Clay Farm, Trumpington Meadows, Bell School and Glebe Farm, is proposed to deliver high quality new neighbourhoods for Cambridge.</p> <p>The principal land use will be a mix of residential properties, including Affordable Housing...</p>	<p>These two key strategic sites require a mix of housing including affordable. Due to the long term strategic nature of these sites it will be necessary for the LPA to adopt a flexible approach to affordable housing delivery which may present opportunities for models such as Rentplus as phases are brought forward over the plan period. The Rentplus village concept can take up serviced or unserviced sites in the early phase of large strategic developments.</p>
<b>Policy 19: NIAB 1 Area of Major Change</b>	<p>NIAB 1 (land between Huntington Road and Histon Road) is proposed for a high quality inclusive new neighbourhood on the edge of the city.</p> <p>The principal land use will be a mix of residential properties, including Affordable Housing...</p>	
<b>Policy 45: Affordable housing and dwelling mix</b>	<p>Planning permission will only be granted for residential development on sites with capacity for between 2 and 9 dwellings, if provision is made for a minimum of 10 per cent affordable housing. On such sites, financial contributions towards affordable housing off-site are considered acceptable. This does not prohibit on-site provision of affordable housing on sites of this scale, but recognises that circumstances may often not allow for delivery onsite.</p> <p>Planning permission will only be granted for residential development on sites with capacity for between 10 and 14 dwellings or on sites of between 0.3 and 0.49 hectares, if provision is made for a minimum of 25 per cent affordable housing on-site.</p> <p>Furthermore, planning permission will only be granted for residential development on sites with capacity for 15 dwellings or more or on sites of 0.5 hectares or more, if provision is made for a minimum of 40 per cent affordable housing on-site.</p> <p>Where it appears that a larger site has been subdivided into smaller development parcels in order to circumvent the requirements of this policy, or for any other reason, the threshold and the percentage of affordable housing sought will apply to the larger area as a whole. The required density on a given site will need to have regard to its wider context and other policies of this plan.</p> <p>The occupation of affordable housing will be limited to people in housing need and shall be available in perpetuity. Affordable housing shall be provided on development sites with the capacity of 10 dwellings or more in accordance with the percentages and thresholds set out above unless exceptional circumstances are demonstrated. Where affordable housing is provided, it shall be of tenure blind design indiscernible from and well integrated with the general market housing.</p> <p>Developments should include a balanced mix of dwelling sizes*, types and tenures to meet projected future household needs within Cambridge. The mix of dwellings and tenure types shall have regard to the differing needs for different unit sizes of affordable housing and market housing and to the council's Affordable Housing Supplementary Planning Document in force at the time planning permission is applied for.</p>	<p>Submitted policies for the Cambridge City and South Cambridgeshire Local Plans emphasise on-site provision of affordable housing that should be tenure blind in design i.e. indiscernible from and well integrated with the general market housing. The Rentplus village concept employs an estate agent approach, including on-site marketing and the ability for prospective tenants to co-design particular elements of the product. Rentplus products do not require separate site access and can sit alongside mainstream market housing. It is expected that the mix of dwellings and tenure types shall have regard to the differing needs for different unit sizes of affordable housing and market housing and to the council's Affordable Housing Supplementary Planning Document. The SPD states that the greatest need for affordable housing in terms of numbers of applicants is for social and affordable rent homes. However, there is also strong demand in Cambridge for intermediate tenures – including shared ownership. The mix of social and intermediate tenures required by the SPD is based on balancing</p>

	<p>All sites including employment related housing will be required to make affordable housing provision in line with the thresholds set out above.</p> <p><i>*Measured by the number of bedrooms to be provided in each dwelling.</i></p>	<p>expressed need (through applicant registers) and projections of changes in household type and incomes, with the need to provide mixed communities. Rentplus as a hybrid product sits somewhere between affordable rent and intermediate housing and offers discounted rent and gifted deposits for tenants able to purchase their homes at 5 year intervals. As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals.</p>
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**Table 6 South Cambridgeshire District Council Emerging Local Plan Affordable Housing Policies**

<b>SC Local Plan 2011-2031: Submission of Local Plan (28 March 2014)</b>	<b>Affordable Housing Context</b>	<b>Aecom comments</b>
<b>Policy H/8: Housing Mix</b>	<ol style="list-style-type: none"> <li>1. A wide choice, type and mix of housing will be provided to meet the needs of different groups in the community including families with children, older people and people with disabilities...</li> <li>2. Section 1 is subject to:               <ol style="list-style-type: none"> <li>e. The housing mix of affordable homes in all developments being determined by local housing needs evidence;</li> <li>f. The mix of market homes to be provided on sites of 9 or fewer homes taking account of local circumstances.</li> </ol> </li> <li>3. All affordable homes and 1 in every 20 market homes in a development will be built to meet the Lifetime Homes Standard.</li> <li>4. Developments including specialist accommodation for the elderly (with or without care) will not be subject to the housing mix set out in section 1 and will demonstrate appropriate design standards.</li> </ol>	<p>South Cambs adopts a similar evidence based approach to neighbouring Cambridge City, it is expected that both LPAs will include preferred tenure splits between affordable rent and intermediate housing. The fact remains that a large number of houses and innovative products will be required to address the affordability issues cited by the Inspectors.</p>

<p><b>Policy H/9: Affordable Housing</b></p>	<p>1. All developments which increase the net number of homes on a site by 3 or more will provide affordable housing as follows:</p> <p>a. To provide that 40% of the homes on site will be affordable;</p> <p>b. To address evidence of housing need. An agreed mix of affordable house tenures will be determined by local circumstances at the time of granting planning permission;</p> <p>c. In small groups or clusters distributed through the site.</p> <p>2. Except where:</p> <p>d. It can be demonstrated that the level of affordable housing sought would make a development unviable in light of changing market conditions, individual site circumstances and development costs. In which case a revised mix of affordable house types and tenures and then a lower level of affordable housing provision may be negotiated;</p> <p>e. The off-site provision of affordable dwellings can be demonstrated to have benefits such as the provision of additional affordable dwellings, or the improvement or a better use of existing housing stock and would contribute to the creation of mixed and balanced communities;</p> <p>f. It can be demonstrated that it is not possible or appropriate to build affordable homes on-site or off-site, in which case the development will provide a financial contribution towards the future provision of affordable housing. The contribution to be of 'broadly equivalent value' to that which would have been provided on-site.</p>	
<p><b>Policy H/10: Rural Exception Site Affordable Housing</b></p>	<p>1. Affordable housing developments to meet identified local housing needs on small sites adjoining a development framework boundary will be permitted subject to:</p> <p>a. The number, size, design, mix and tenure of affordable homes are confined to, and appropriate to, meeting identified local needs;</p> <p>b. The development is of a scale and location appropriate to the size, facilities and character of the settlement;</p> <p>c. For sites at settlements within or adjoining the Green Belt, that no alternative sites exist that would have less impact on Green Belt purposes;</p> <p>d. That the affordable homes are secured for occupation by those in housing need in perpetuity.</p> <p>2. If viability appraisals demonstrate that a 100% affordable housing scheme is unviable, consideration will be given in order of preference to:</p> <p>e. Changing the tenure mix of the affordable homes and/or the application of any available public subsidy;</p> <p>f. Including the minimum market housing necessary to make the scheme viable and still remain an exception site.</p>	<p>South Cambs rural exception site acknowledges that viability may require revisiting the tenure mix or inclusion of a 'minimum' amount of market housing.</p> <p>As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals. Rentplus would offer the LA the opportunity to replenish stock and reinvest 7.5% of any proceeds for units sold on the open market.</p>

3.5.3 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts														
<p>Cambridge Sub-Region Strategic Housing Market Assessment 2013<sup>25</sup></p>	<p><b>Dwelling change (all tenures), net affordable housing need and jobs increase 2011 to 2031</b></p>														
	<table border="1"> <thead> <tr> <th data-bbox="451 1715 783 1771">District</th> <th data-bbox="783 1715 1110 1771">Dwelling change 2011 to 2031</th> <th data-bbox="1110 1715 1436 1771">Affordable housing need 2011 to 2031</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1771 783 1805">South Cambridgeshire</td> <td data-bbox="783 1771 1110 1805">19,000 (950 dpa)</td> <td data-bbox="1110 1771 1436 1805">9,011 (450 dpa)</td> </tr> <tr> <td data-bbox="451 1805 783 1839">Cambridge City</td> <td data-bbox="783 1805 1110 1839">14,000 (700 dpa)</td> <td data-bbox="1110 1805 1436 1839">14,418 (721 dpa)</td> </tr> <tr> <td data-bbox="451 1839 783 1872">Housing sub-region</td> <td data-bbox="783 1839 1110 1872">93,000 (4,650 dpa)</td> <td data-bbox="1110 1839 1436 1872">44,863 (2,243 dpa)</td> </tr> </tbody> </table>			District	Dwelling change 2011 to 2031	Affordable housing need 2011 to 2031	South Cambridgeshire	19,000 (950 dpa)	9,011 (450 dpa)	Cambridge City	14,000 (700 dpa)	14,418 (721 dpa)	Housing sub-region	93,000 (4,650 dpa)	44,863 (2,243 dpa)
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	<p><b>Dwelling mix required (all dwellings, not just affordable)</b></p>														

<sup>25</sup> <http://www.cambridgeshireinsight.org.uk/housing/shma/shma-current-version>



District	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 + rooms
South Cambridgeshire	0%	2%	10%	26%	22%	17%	23%
Cambridge City	1%	5%	15%	18%	22%	21%	19%
Overall HMA	1%	3%	13%	26%	24%	16%	17%

3.5.4 The District Council has prepared a new Local Plan for East Cambridgeshire. A draft Local Plan was submitted to Government on 29th August 2013, and further proposed modifications were published for consultation in October 2013 and April 2014. Following its adoption, the East Cambridgeshire Local Plan will replace all of the policies in the Core Strategy (2009) and any saved policies from the District Local Plan (2000).

**Table 7 East Cambridgeshire District Council Emerging Local Plan Affordable Housing Policies**

East Cambridgeshire Draft Local Plan (Pre-submission version) February 2013	Affordable Housing Context	Aecom comments
<b>Policy GROWTH 6: Community-led development</b>	<p>The District Council is generally supportive of community-led development. This may include schemes involving affordable housing, small business units, renewable energy generation and other appropriate uses.</p> <p>The non-housing elements of schemes will be assessed against other relevant Local Plan policies.</p> <p>The affordable housing elements may be permitted outside development envelopes as an exception to the normal policies of control where:</p> <ul style="list-style-type: none"> <li>▪ The site is well related to a settlement which offers a range of services and facilities, and there is good accessibility by foot/cycle to those facilities.</li> <li>▪ No significant harm would be caused to the character or setting of the settlement and the surrounding countryside.</li> <li>▪ The scale of the scheme is appropriate to the location and the level of identified local affordable housing need.</li> <li>▪ The scheme incorporates a range of dwelling sizes, types and tenures appropriate to identified local need.</li> <li>▪ The District Council is satisfied that (i) the scheme was initiated by, and is being led by, a legitimate local community group such as a Parish Council or Community Land Trust and (ii) the scheme has general community support, with evidence of meaningful public engagement.</li> <li>▪ It can be demonstrated that the scheme will be well managed and financially viable over the long-term and that any benefits provided by the scheme can be retained by the local community in perpetuity; and</li> <li>▪ The scheme accords with all other policies of the Local Plan.</li> </ul> <p>An element of open market housing on the site will only be acceptable where:</p> <ul style="list-style-type: none"> <li>▪ It is demonstrated through a financial appraisal that this is essential to enable the delivery of affordable housing or other community benefits on-site, and that it does not increase the land sales value above that which would be likely for a 100% affordable housing scheme on the</li> </ul>	<p>The East Cambs policy includes support for community-led affordable housing. As with neighbourhood planning generally this could present opportunities for the application of Rentplus in East Cambs where brought forward in partnership with community groups in compliance with the various clauses. Rentplus, in particular could help to demonstrate the case for products/schemes that contribute to local needs in the long term. The issue of perpetuity would need to be agreed with the LPA.</p> <p>As with other rural exception site examples highlighted, the East Cambs example does make some allowance for market housing which would suggest the Rentplus model could be desirable with decision makers. East Cambs' policy is slightly different as it requires the community benefits to be in excess of an equivalent open market site e.g. enhances open space.</p> <p>As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals.</p>

	<ul style="list-style-type: none"> <li>▪ site; and</li> <li>▪ The community benefits of the scheme (such as the level of affordable housing or open space) are significantly greater than would be delivered on an equivalent open market site.</li> </ul>	
<b>Policy HOU 3: Affordable housing provision</b>	<p>All new open market housing developments which incorporate 5 or more dwellings will be required to make appropriate provision for an element of affordable housing, as follows:</p> <ul style="list-style-type: none"> <li>▪ A minimum of 40% of the total number of dwellings to be provided will be sought in the south of the district (i).</li> <li>▪ A minimum of 30% of the total number of dwellings to be provided will be sought in the north of the district (ii).</li> <li>▪ The proportion and type of affordable housing will be the subject of negotiation with applicants. As part of this, consideration will be given to the financial viability of the development including any exceptional costs (e.g. site remediation and infrastructure provision).</li> <li>▪ Applicants seeking to justify a lower level of affordable housing will be required to provide a financial viability assessment as part of the planning application.</li> <li>▪ The precise mix in terms of tenure and house sizes of affordable housing within a scheme will be determined by local circumstances at the time of planning permission, including housing need, development costs and the availability of subsidy.</li> <li>▪ Affordable housing should normally be provided on-site, apart from in exceptional circumstances where agreed with the District Council. Applicants will be required to provide justification as part of the planning application setting out the need for off-site provision or financial contributions in lieu to be made.</li> <li>▪ The affordable properties will be made available to eligible households at an affordable cost for the life of the property.</li> <li>▪ The allocation of affordable housing should give priority to people in local housing need in accordance with the District Council's allocation policy (except where alternative mechanisms involving local connections criteria are proposed for specific sites, as set out in Part 2 of the Local Plan).</li> <li>▪ On larger schemes the affordable housing will be provided in phases, as set out in an agreed masterplan or approved planning application.</li> <li>▪ The affordable housing shall be physically integrated into the open market housing development by using appropriate design methods.</li> <li>▪ Affordable housing intended specifically for elderly occupants should be focused on public transport routes.</li> <li>▪ In order to meet identified local needs, a proportion of dwellings should be provided that are suitable or easily adaptable for occupation by the elderly or people with disabilities (Lifetimes Homes or equivalent).</li> </ul>	<p>East Cambs allows for negotiation on type of affordable housing based on financial viability and local circumstances. The Rentplus model should become more attractive where traditional affordable housing products may not be accessible for all tenants.</p>
<b>Policy HOU 4: Affordable housing exception sites</b>	<p>Affordable housing development on exception sites can make an important contribution to meeting local housing needs, and schemes may be permitted on sites outside settlement boundaries where:</p> <ul style="list-style-type: none"> <li>▪ There is an identified local need which cannot be met on available sites within the development envelope (including allocation sites), or sites which are part of community-led development.</li> <li>▪ The site is well related to a village which offers a range of services and facilities, and there is good accessibility by foot/cycle to those facilities.</li> <li>▪ No significant harm would be caused to the character or setting of the settlement and the surrounding countryside.</li> </ul>	<p>As with other exception site policies East Cambs allow for open market homes where 100% affordable schemes are unviable. However, it further stipulates these open market units should not significantly increase the land value above that which would be payable if sufficient grant were available to provide 100% affordable housing. Rentplus could be usefully deployed here in early</p>

	<ul style="list-style-type: none"> <li>▪ The scale of the scheme is appropriate to the location and to the level of identified local affordable housing need.</li> <li>▪ The scheme incorporates a range of dwelling sizes, types and tenures appropriate to the identified local need; and</li> <li>▪ The affordable housing provided is made available to people in local housing need at an affordable cost for the life of the property.</li> </ul> <p>An element of open market housing will only be acceptable where there is insufficient grant available, and it is demonstrated through financial appraisal that the open market housing is essential to enable delivery of the site for primarily affordable housing, and does not significantly increase the land value above that which would be payable if sufficient grant were available to provide 100% affordable housing.</p>	<p>phases or as part of the Rentplus village concept.</p>
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3.5.5 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts																																	
<p>Cambridge Sub-Region Strategic Housing Market Assessment 2013<sup>26</sup></p>	<p>Joint SHMA with Cambridgeshire authorities plus Forest Heath and St Edmundsbury.</p> <p><b>Dwelling change (all tenures), net affordable housing need and jobs increase 2011 to 2031</b></p> <table border="1" data-bbox="464 1010 1420 1144"> <thead> <tr> <th>District</th> <th>Dwelling change 2011 to 2031</th> <th>Affordable housing need 2011 to 2031</th> </tr> </thead> <tbody> <tr> <td>East Cambridgeshire</td> <td>13,000 (650dpa)</td> <td>3,517 (176 dpa)</td> </tr> <tr> <td>Housing sub-region</td> <td>93,000 (4,650 dpa)</td> <td>44,863 (2,243 dpa)</td> </tr> </tbody> </table> <p><b>Dwelling mix required (all dwellings, not just affordable)</b></p> <table border="1" data-bbox="464 1397 1420 1554"> <thead> <tr> <th>District</th> <th>1 room</th> <th>2 rooms</th> <th>3 rooms</th> <th>4 rooms</th> <th>5 rooms</th> <th>6 rooms</th> <th>7 + rooms</th> </tr> </thead> <tbody> <tr> <td>East Cambridgeshire</td> <td>0%</td> <td>2%</td> <td>11%</td> <td>25%</td> <td>24%</td> <td>16%</td> <td>21%</td> </tr> <tr> <td>Overall HMA</td> <td>1%</td> <td>3%</td> <td>13%</td> <td>26%</td> <td>24%</td> <td>16%</td> <td>17%</td> </tr> </tbody> </table>	District	Dwelling change 2011 to 2031	Affordable housing need 2011 to 2031	East Cambridgeshire	13,000 (650dpa)	3,517 (176 dpa)	Housing sub-region	93,000 (4,650 dpa)	44,863 (2,243 dpa)	District	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 + rooms	East Cambridgeshire	0%	2%	11%	25%	24%	16%	21%	Overall HMA	1%	3%	13%	26%	24%	16%	17%
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<p>Additional note on affordable housing need and supply in East Cambridgeshire 2014<sup>27</sup></p>	<p>The 'Additional Note' addressed concerns from the Inspector at the Local Plan Examination Hearings that the 2013 SHMA does not take into account re-lets/re-sales or the effect of private sector lettings in contributing to meet affordable housing needs.</p> <table border="1" data-bbox="464 1727 1420 1816"> <thead> <tr> <th>Source</th> <th>Figure</th> </tr> </thead> <tbody> <tr> <td>Total need for new build affordable dwellings over Plan period 2011-2031</td> <td>3,392 (170dpa)</td> </tr> </tbody> </table> <p>An estimated supply of 3,430 new build affordable dwellings (103% of identified need) will come forward during the plan period to meet the needs of East Cambridgeshire residents.</p>	Source	Figure	Total need for new build affordable dwellings over Plan period 2011-2031	3,392 (170dpa)																													
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<sup>26</sup> <http://www.cambridgeshireinsight.org.uk/housing/shma/shma-current-version>

<sup>27</sup> <http://www.eastcambs.gov.uk/sites/default/files/Affordable%20housing%20provision%20note%2026march14.pdf>  
Rent Plus Report August 2015

### 3.6 Gloucestershire: Stroud District Council Local Plan and Gloucester City, Cheltenham and Tewkesbury Joint Core Strategy

#### Gloucestershire Summary

The settlement hierarchy policy for Stroud allows for lower level settlements to provide for local housing needs, including rural exception site policies. The exceptions site policy for Stroud requires a legal agreement to ensure affordable housing in perpetuity. Whilst the policy wording doesn't include discussion on different tenures or open market housing, the NPPF and NPPG clearly allow this based upon the LPAs own discretion. As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals. Rentplus' memorandum of understanding, model s106 wording and legal agreements would satisfy Stroud's requirements. Rentplus is particularly attractive for exception sites where it's important to establish a mix of products and affordable tenures and would be usefully deployed in early phases or as part of the Rentplus village concept offering upfront delivery.

Stroud and the Joint Core Strategy (JCS) allow NDPs and community-led schemes for affordable housing for non-allocated sites, rural areas and/or settlements lower down the settlement hierarchy. As with Greater Cambridge this is an area that Rentplus could help LAs and local communities to meet local needs for affordable housing.

A number of strategic site allocations are included in the plans and have variable levels of affordable housing based upon viability. As in the case of Greater Cambridge, Rentplus would offer a flexible route for these strategic sites over the plan period.

Stroud policy allows for negotiation on tenure/type/size of affordable housing based on financial viability and housing need. The Rentplus model should become more attractive where traditional affordable housing products may not be accessible for all tenants.

The JCS states that innovative housing delivery models will be encouraged as part of the tenure mix and improving existing stock and replacement stock which would work well with the cascade in the Rentplus model. The explanatory text states that delivery will be by developers, registered providers, and specialist housing providers working in partnership with local authorities. This would include organisations such as Rentplus.

- 3.6.1 Following its adoption, the Stroud District Local Plan 2014 will replace all of the policies in the Core Stroud District Local Plan 2005. A key objective of the Local Plan is to focus development on larger housing sites to bring about the provision of a greater number of affordable homes than a dispersed option would. The strategy also ensures that, through neighbourhood plans, local communities can propose more housing than the Local Plan does, to meet specific identified local needs.

*Table 8 Emerging Local Plan Affordable Housing Policies*

Stroud District Local Plan: Submission Draft DECEMBER 2013	Affordable Housing Context	Aecom comments
<b>Core Policy CP3 Settlement Hierarchy</b>	Proposals for new development should be located in accordance with the District's settlement hierarchy. This will ensure that development reduces the need to travel and promotes sustainable communities based on the services and facilities that are available in each settlement. The use of previously developed land and buildings will be encouraged.	The settlement hierarchy policy allows for lower level settlements to provide for local housing needs, including rural exception site policies. It also recognises that Neighbourhood Plans can bring forward higher levels of development where

		they broadly conform to strategic policies.
<b>Site Allocations Policy SA1 Stroud Valleys</b>	Land within the Stroud Valleys at the following specific locations (as identified on the policies map) is allocated for mixed use development including at least 300 dwellings: 1. The provision of 30% affordable dwellings, unless viability testing indicates otherwise	A number of strategic site allocations are included in the submitted plan and have variable levels of affordable housing based upon viability. As in the case of the Cambridgeshire districts it is assumed that Rentplus would offer a flexible route for these strategic sites over the plan period.
<b>Site Allocations Policy SA3 North east of Cam</b>	This will address the following: 1. 450 dwellings, including 135 affordable dwellings, unless viability testing indicates otherwise	
<b>Site Allocations Policy SA4 Hunts Grove Extension</b>	The development proposals will address the following: 1. The provision of an additional 500 dwellings within the overall new community (to create an urban extension of 2,250 dwellings) including 150 affordable dwellings, unless viability testing indicates otherwise	
<b>Site Allocations Policy SA5 Sharpness Docks</b>	b) In the Sharpness Docks North, a mix of tourism, leisure and recreational uses, supported by new housing development, including: 1. Up to 300 dwellings, including 90 affordable dwellings, unless viability testing indicates otherwise...	
<b>Core Policy CP9 Affordable housing</b>	<p>Planning permission will be granted for residential (including extra care) development providing an appropriate density that is acceptable in townscape, local environment, character and amenity terms, dwelling types, tenures and sizes seamlessly integrated with existing development or proposed mixed-use development. Affordable housing should broadly reflect the sizes and types that meet the proven needs of people who are not able to compete in the general housing market as well as reflecting the dwelling sizes and design in the proposed development.</p> <p>All residential proposals of at least 4 dwellings (net) or capable of providing 4 dwellings (net) covering a net site area of at least 0.16 ha will provide at least 30% of the net units proposed as affordable dwellings, where viable.</p> <p>On sites capable of providing less than four dwellings (net) a financial contribution to affordable housing of at least 20% of total development value will be expected (where viable) and will usually be secured through a s106 agreement or any equivalent future legal mechanism.</p> <p>The Council will negotiate the tenure, size and type of affordable units on a site by site basis having regard to housing needs, site specifics and other factors.</p>	The policy allows for negotiation on tenure /type/size of affordable housing based on financial viability and housing need. The Rentplus model should become more attractive where traditional affordable housing products may not be accessible for all tenants.
<b>Delivery Policy HC4 Local housing need (exception sites)</b>	<p>Planning permission may be granted for affordable housing on sites adjoining identified settlement development limits. Such sites should be located adjoining an identified accessible settlement with limited facilities ('third tier') or above in terms of the Plan settlement hierarchy, unless specific local need and environmental considerations indicate that provision should be met at fourth or fifth tier settlements. The Council shall meet local affordable housing need, where:</p> <ol style="list-style-type: none"> <li>1. the Council is satisfied that there is a clearly evidenced local need, which cannot be readily met elsewhere in the locality, for the number and type of housing proposed</li> <li>2. the site is accessible to a range of local services, such as shops, primary schools, healthcare and public transport</li> <li>3. it is not subject to any other over-riding environmental or other material planning constraint</li> <li>4. appropriate legal agreements are entered into to ensure that such dwellings will remain available as affordable housing for local need, in perpetuity with the necessary management of the scheme</li> <li>5. the gross internal floor area of these dwellings shall comply with</li> </ol>	<p>The exceptions site policy requires a legal agreement to ensure affordable housing in perpetuity. The policy also requires units to comply with HCA minimum standards. Whilst the policy wording doesn't include discussion on different tenures or open market housing, the NPPF and NPPG clearly allow this based upon the LPAs own discretion.</p> <p>As highlighted any policy with the word 'perpetuity' may need to be reviewed in light on the Budget and productivity plan proposals.</p>

	the latest recommended standards used by the Homes and Communities Agency.	
<b>Core Policy CP15 A Quality Living and Working Countryside</b>	In order to protect the separate identity of settlements and the quality of the countryside (including its built and natural heritage), proposals outside identified settlement development limits will not be permitted except where: 9. In the case of 'rural exception sites', development is appropriate, sustainable, affordable and meets an identified local need.	ibid.

3.6.2 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts					
	New housing required over 18 years in Stroud	1 bed	2 bed	3 bed	4 bed	
Local Authorities of Gloucestershire Strategic Housing Market Assessment Update 2014 <sup>28</sup>	Market	4,404	287	1,661	1,779	677
	Shared ownership	477	183	154	76	64
	Affordable rent	1,604	306	837	445	16
	Social rent	228	45	36	97	50
	<b>Total</b>	<b>6,713</b>	<b>821</b>	<b>2,688</b>	<b>2,397</b>	<b>807</b>

3.6.3 The Joint Core Strategy (JCS) is a partnership between Gloucester City Council, Cheltenham Borough Council, and Tewkesbury Borough Council, supported by Gloucestershire County Council. The JCS was formed to produce a co-ordinated strategic development plan to show how this area will develop during the period up to 2031, and is currently being examined.

**Table 9 JCS Affordable Housing Policies**

JCS Submission Version November 2014	Affordable Housing Context	Aecom comments
<b>Policy SD11: Residential Development</b>	4. Housing development on other sites will only be permitted where: <ul style="list-style-type: none"> <li>i. It is for affordable housing on a rural exception site in accordance with Policy SD13, or</li> <li>ii. It is infilling within the existing built up areas of cities, towns and villages, or</li> <li>iii. It is brought forward through Community Right to Build Orders, or</li> <li>iv. There are other specific exceptions/circumstances defined in district or neighbourhood plans</li> </ul>	SD11 again allows NDPs and community-led schemes for affordable housing for non-allocated sites, rural areas and/or settlements lower down the settlement hierarchy. Rentplus would be applicable in all of these situations.
<b>Policy SD12: Housing Mix and Standards</b>	i. Housing development will be required to provide an appropriate mix of dwelling sizes, types and tenures in order to contribute to mixed and balanced communities and a balanced housing market. Development should address the needs of the local area, including the needs of older people, as set out in the local housing evidence base including the most up to date Strategic Housing Market Assessment. ii. Self-build housing and other innovative housing delivery models will be encouraged as part of an appropriate mix. iii. Improvements to the quality of the existing housing stock involving remodelling or replacing residential accommodation will be encouraged where this would contribute to better meeting the needs	Policy SD12 seems particularly well aligned with the Rentplus model. Clause (ii) states that innovative housing delivery models will be encouraged as part of the tenure mix. Whilst (iii) discusses improving existing stock and replacement stock which would work well with the cascade in the Rentplus model.

<sup>28</sup> [http://www.stroud.gov.uk/info/plan\\_strat/Gloucestershire\\_SHMA\\_2014.pdf](http://www.stroud.gov.uk/info/plan_strat/Gloucestershire_SHMA_2014.pdf)  
Rent Plus Report August 2015

	of the local community, subject to the requirements of other policies including Policy SD5 and Policy SD9.	
<b>Policy SD13: Affordable Housing</b>	<p>1. The JCS local authorities will seek through negotiation to deliver new affordable housing as follows:</p> <p>i. On sites of 5-9 dwellings (or covering 0.2 hectares or more of land), 20% affordable housing will be sought</p> <p>ii. On sites of 10 or more dwellings (or covering 0.4 hectares or more of land), 40% affordable housing will be sought</p> <p>2. This policy applies to dwellings (as defined by use class C3) and also any self-contained units of accommodation within a residential institution (use class C2). Where a development site has been divided into parts, or is being delivered in phases, the site will be considered as a whole for the purpose of determining the appropriate affordable housing requirement</p> <p>3. Where possible, affordable housing should be provided on-site and should be seamlessly integrated and distributed throughout the development scheme. On sites where it is not possible to deliver all affordable housing as on-site provision, the residual requirement should be provided through acceptable alternative mechanisms (such as off-site provision or financial contributions). Further guidance on acceptable mechanisms may be provided in District plans</p> <p>4. Affordable housing must also have regard to meeting the requirements of Policy SD12 concerning type, mix, size and tenure of residential development</p> <p>5. The design of affordable housing should meet required standards and be equal to that of market housing in terms of appearance, build quality and materials</p> <p>6. Provision should be made to ensure that housing will remain at an affordable price for future eligible households, or that subsidy will be recycled for alternative affordable housing provision.</p> <p><b>Rural exception sites</b></p> <p>7. In certain circumstances, where there is clear evidence of a local housing need that cannot be met elsewhere, affordable housing will be permitted on rural exception sites. A rural exception site must be within, or on the edge of, a rural settlement. It should be of a small scale and well related to the settlement both functionally and in terms of design.</p> <p><b>Viability</b></p> <p>8. Where there is an issue relating to the viability of development that impacts on delivery of the full affordable housing requirement, developers should consider:</p> <p>i. Varying the housing mix and design of the scheme in order to reduce costs whilst having regard to the requirements of other policies in the plan, particularly Policy SD5, and the objective of creating a balanced housing market</p> <p>ii. Securing public subsidy or other commuted sums to assist delivery of affordable housing</p> <p>9. If a development cannot deliver the full affordable housing requirement, a viability assessment in accordance with Policy INF7 will be required.</p>	<p>The explanatory text states that delivery will be by developers, registered providers, and specialist housing providers working in partnership with local authorities. This would include organisations such as Rentplus based upon policy SD12. SD13 recognises that viability testing may be required and subsequent changes to tenure mix required.</p> <p>This policy will allow developers to refer to the most up-to-date evidence on housing need and to take account of the local context. For development at Strategic Allocations the LPA state it will usually be necessary to consider the needs of more than one local authority area.</p> <p>To allow for delivery of rural affordable housing, the LPA recognise that it may be necessary to make an exception to the general locational requirements of Policy SP2 in accordance with Policy SD11. A strategic approach to rural exception sites is therefore provided as part of Policy SD13. When considering proposals for housing on rural exception sites, local authorities will consider whether allowing a limited proportion of market housing would facilitate the provision of new affordable housing.</p>

3.6.4 Alongside the policies is relevant evidence base related to housing needs. The key information from these reports is highlighted below to assist Rentplus in understanding the context to which the policies sit:

Evidence Report	Relevant Evidence Base Extracts				
Local Authorities of Gloucestershire Strategic Housing	New housing required over 18 years in	1 bed	2 bed	3 bed	4 bed

Market Assessment Update 2014 <sup>29</sup>	<b>Cheltenham</b>					
	Market	7,255	594	2,306	2,913	1,442
	Shared ownership	563	138	208	137	80
	Affordable rent	921	299	304	261	57
	Social rent	960	74	146	359	381
	<b>Total</b>	<b>9,699</b>	<b>1,105</b>	<b>2,964</b>	<b>3,670</b>	<b>1,960</b>
	<b>New housing required over 18 years in Tewkesbury</b>		<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
	Market	6,936	901	1,833	2,900	1,302
	Shared ownership	606	89	283	161	73
	Affordable rent	1,276	170	594	475	37
	Social rent	504	0	270	97	137
	<b>Total</b>	<b>9,322</b>	<b>1,160</b>	<b>2,980</b>	<b>3,633</b>	<b>1,549</b>
	<b>New housing required over 18 years in Gloucester</b>		<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
	Market	7,837	867	2,297	2,887	1,785
	Shared ownership	749	111	303	264	70
Affordable rent	3,359	1,059	1,223	896	182	
Social rent	130	0	0	35	95	
<b>Total</b>	<b>12,075</b>	<b>2,036</b>	<b>3,824</b>	<b>4,082</b>	<b>2,132</b>	
Housing Background Paper Submission 2014 <sup>30</sup>	<p>At the time the SHMA was prepared, the OAN for the JCS was considered to be 33,200 units from 2011 to 2031. The SHMA used affordable and markets completions data to 31st March 2013 and used the proposed remainder development (31,096 dwellings) as the basis for calculating how much development should be affordable for each of the JCS authorities. However, the SHMA did not consider the impact of existing commitments on the recommended proportions.</p> <p>The JCS OAN is 30,500 dwellings from 2011 to 2031, consequently the affordable housing numbers indicated by the SHMA need to be adjusted. In order to do this, the proportion of affordable housing recommended by the SHMA has been applied to the 30,500 dwelling JCS OAN. This approach indicates that a total of 8,210 affordable dwellings need to be secured by the JCS to 2031 in order to balance the housing market... Since the SHMA did not consider existing commitments, the 1861 affordable dwellings that already have planning permission or have been delivered since 1st April 2013, have been subtracted from this figure. It is considered that approximately 6,350 affordable dwellings need to be secured by the JCS to 2031.</p>					

<sup>29</sup> [http://www.stroud.gov.uk/info/plan\\_strat/Gloucestershire\\_SHMA\\_2014.pdf](http://www.stroud.gov.uk/info/plan_strat/Gloucestershire_SHMA_2014.pdf)

<sup>30</sup> <http://www.gct-jcs.org/Documents/EvidenceBase/Housing-Background-Paper-Submission.pdf>



### 3.7 Summary

3.7.1 This high level review of Local Plans has highlighted a number of common policy areas where the Rentplus model would align with Local Plan objectives for providing mixed communities and a good supply of affordable housing:

- **Rural exception site** policies have generally only allowed market housing at the discretion of LAs on viability grounds where it would enable other affordable products to be brought forward in perpetuity. However, the Summer Budget and productivity plan has introduced doubts that affordable products can be maintained in perpetuity from a policy standpoint. The ability to deliver affordable housing will become more of a challenge moving forward as we await the release of the Housing Bill and further details on welfare reforms. The Rentplus model offers LAs the ability to maintain below market rents for a 20 year period and the option to purchase with a gift of deposit which should be of interest on rural sites or sites promoted through neighbourhood plans where an additional policy layer could be added in support of Rentplus on allocations adjacent (but outside) settlement boundaries.
- **Affordable housing 'subject to viability'** has been a common feature in determining the actual level and mix of affordable housing locally in the Local Plans analysed in this report. Rentplus is a capital driven model as such it can absorb the impact of changes to subsidy and maintain pricing. The Rentplus model is flexible and can respond to viability by maintaining or increasing the level of affordable housing provision through use of this tenure. Following the budget RPs are now significantly reducing our pulling out of bids for s106 affordable housing altogether. Rentplus can assist RPs through provision of another secure income stream through their direct involvement in Rentplus together with the flexibility to purchase replacement stock through the cascade. Rentplus will not be subject to Right to Buy and therefore the tenure allows Councils to plan disposals with the potential benefit of an one-for-one replacement via the Memorandum of Understanding.
- **Site allocations** within Local Plans have to provide to Inspectors at Local Plan Examinations evidence that the allocation is deliverable/developable. Assumptions for models such as Rentplus could and should be fed into viability testing for large strategic sites where the level of affordable housing and CIL would be diminished by strategic infrastructure costs, abnormals and servicing costs. The site allocation policies included above take a very broad brush approach to the provision of affordable housing and may encounter difficulties at the Development Management stage due to the new S106BA provisions. Rentplus can help to indemnify LAs in situations such as this by offering a more valuable product with greater flexibility than a traditional product.

## 4 Conclusions

- 4.1.1 Having undertaken a review of the Rentplus product against national policy/guidance and a sample of Local Authority plans, it is considered that Rentplus provides the following benefits:
- Potential for a significant increase in the number of homes available at affordable rents
  - Increases to New Homes Bonus and contributes to local economies<sup>31</sup>
  - Promotion of mixed tenure developments and a step change in delivery particularly on large strategic or urban expansions via the Rentplus village concept
  - Can add value to LA owned land and may attract a capital receipt for the LA through the cascade model
- 4.1.2 LAs require certainty that RPs or other organisations can buy up the affordable homes secured via section 106 agreements (s106). Further to Rentplus purchasing affordable housing from s106 agreements, the company are also actively working with land agents and developers to design in Rentplus elements from the outset. Rentplus can provide affordable housing in the first or early phases or take on serviced sites and plots delivered directly with contractors. Units can then be sold through Home Choice lettings and local Help to Buy agents.
- 4.1.3 Rentplus, as a hybrid product, sits between affordable rent and intermediate products. However, it should not be viewed as a product of last resort where traditional RPs do not take up affordable housing agreed via s106 agreements. Treating Rentplus in this way would fail to harness the potential and scalability of Rentplus villages. Rentplus villages remove the issue of pepper potting as the tenure promotes a mixed-tenure approach, as during the full 20 year term there will be a mix of both tenanted and owned properties, with the common aspiration to purchase creating a community. Treatment of Rentplus as a product of last resort would also miss out on being able to effectively manage and plan the replacement on a one-for-one basis under a Memorandum of Understanding that seeks to maintain the portfolio in perpetuity; which has the potential to be a considerably better replacement rate than under any Right to Buy arrangements.
- 4.1.4 This aspiration also means that the tenure mixes well with ordinary market homes; therefore there is no need for a separate site access. Further evidence of this is that Rentplus will employ an estate agent approach whereby there will be show homes and families will be able to design particular elements of their new homes as opposed to just being allocated a basic product in the case of most social housing.
- 4.1.5 Right to Buy and Starter Home products require applicants to have a deposit or to have the means to get a deposit together. If someone is currently in social rented property or PRS and can't rely on a deposit from their parents, a viable solution for the missing middle is Rentplus. At present there are approximately 4-5 shared equity mortgages available through Government schemes versus circa 185+ mortgage products for first time buyer mortgages. Shared equity/intermediate housing may not be that achievable in the short term based on deposit requirements for mortgages, even those lower down the reasonable preference list for social housing e.g. those classified under (d) and (e) under 166A(3) of the Housing Act i.e. people who need to move on medical or welfare grounds or who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others). These classifications usually make up 70% of local waiting lists. Rentplus can help to house these people and free up social rented stock for (a) – (c) who need the greatest reductions in rent.
- 4.1.6 The Localism Act (sections 145-147) made reforms to the legislation on the allocation of social housing under Part 6 of the Housing Act 1996. They give local housing authorities in England the

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<sup>31</sup> Research from Rentplus schemes in the South West has shown that £77k is added to the regional economy per dwelling.

power to determine what classes of persons are or are not qualifying persons to be allocated housing and take existing social tenants out of the scope of Part 6 of that Act, with the exception of those who must be given reasonable preference for an allocation.

*(3)As regards priorities, the scheme shall, subject to subsection (4), be framed so as to secure that reasonable preference is given to—*

- a) people who are homeless (within the meaning of Part 7);*
- b) people who are owed a duty by any local housing authority under section 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any such authority under section 192(3);*
- c) people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions;*
- d) people who need to move on medical or welfare grounds (including any grounds relating to a disability); and*
- e) people who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).*

*The scheme may also be framed so as to give additional preference to particular descriptions of people within this subsection (being descriptions of people with urgent housing needs).*

4.1.7 Local authorities in England must have regard to their homelessness strategies, tenancy strategies and the London housing strategy (where appropriate), when preparing or modifying their housing allocation schemes.

*(5)The scheme may contain provision for determining priorities in allocating housing accommodation to people within subsection (3); and the factors which the scheme may allow to be taken into account include— .*

- a) the financial resources available to a person to meet his housing costs; .*
- b) any behaviour of a person (or of a member of his household) which affects his suitability to be a tenant; .*
- c) any local connection (within the meaning of section 199) which exists between a person and the authority's district. .*

*(6)Subject to subsection (3), the scheme may contain provision about the allocation of particular housing accommodation—*

- a) to a person who makes a specific application for that accommodation; .*
- b) to persons of a particular description (whether or not they are within subsection (3)).*

4.1.8 Statutory guidance from 2012<sup>32</sup> reiterates that LAs have discretion to determine who qualifies for an allocation of social housing, including those with a local connection and working/community contribution. Many LAs have used these powers to prioritise low income households with a family member in work and those deemed to be making a "community contribution". The statutory guidance highlights case law that found the Housing Act only requires that the people encompassed within Part 6 of the Act are given 'reasonable preference'. It 'does not require that they should be given absolute priority over everyone else'<sup>33</sup>. This means that an allocation scheme may provide for other factors provided that:

- they do not dominate the scheme, and
- overall, the scheme operates to give reasonable preference to those in the statutory reasonable preference categories over those who are not

4.1.9 The guidance encourages authorities to consider the scope to take advantage of this flexibility to meet local needs and local priorities such as:

<sup>32</sup> Allocation of accommodation: guidance for local housing authorities in England, DCLG (2012)

<sup>33</sup> Baroness Hale at para [18] in: R (on the application of Ahmad) (Respondent) v Mayor and the Burgesses of London Borough of Newham (Appellants) [2009] UKHL 14  
Rent Plus Report August 2015

*“framing an allocation scheme to give some preference to households who are in low paid work or employment-related training, even where they are not in the reasonable preference categories; or to give greater priority to those households in the reasonable preference categories who are also in work or who can demonstrate that they are actively seeking work. Alternatively, it might involve using local lettings policies to ensure that specific properties, or a specified proportion of properties, are allocated to households in particular types of employment where, for example, skills are in short supply”.*

- 4.1.10 Rentplus would be a good product for those LAs where discretionary policies exist to help those members of the community that are unable to raise a deposit in the short term. Lettings strategies and policies need to deliver for those families who always pay their rent but may not necessarily have the deposit or credit score to access intermediate products in the short term. Rentplus offers a route to home ownership not just a percentage stake as with more well-known intermediate/shared equity products. The model is simpler to these alternatives and Rentplus provide financial advisers to help their tenants set up min-cash ISAs and to demonstrate creditworthiness. A gifted deposit at the time of purchase combined with savings made on discounted rent, will give purchasers access to standard mortgage products. Where current tenancy strategies do not include these discretionary policies LAs should reconsider their strategy in light of the proposed changes forthcoming in the Welfare Bill, Housing Bill and productivity plan.
- 4.1.11 Section 150 of the Localism Act placed a new duty on every local housing authority to publish a tenancy strategy setting out, in high-level terms, the matters to which all registered providers of social housing should have regard in framing their own tenancy policies.

#### **150 Tenancy strategies**

*(1) A local housing authority in England must prepare and publish a strategy (a “tenancy strategy”) setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to—*

- a) the kinds of tenancies they grant,*
- b) the circumstances in which they will grant a tenancy of a particular kind,*
- c) where they grant tenancies for a term certain, the lengths of the terms, and*
- d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.*

*(2) The tenancy strategy must summarise those policies or explain where they may be found.*

*(3) A local housing authority must have regard to its tenancy strategy in exercising its housing management functions.*

*(4) A local housing authority must publish its tenancy strategy before the end of the period of 12 months beginning with the day on which this section comes into force.*

*(5) A local housing authority must keep its tenancy strategy under review, and may modify or replace it from time to time.*

*(6) If a local housing authority modifies its tenancy strategy, it must publish the modifications or the strategy as modified (as it considers appropriate).*

*(7) A local housing authority must—*

- a) make a copy of everything published under this section available at its principal office for inspection at all reasonable hours, without charge, by members of the public, and*
- b) provide (on payment if required by the authority of a reasonable charge) a copy of anything so published to any member of the public who asks for one.*

- 4.1.12 Nominations by local authorities to stock owned by RPs are allocated within the same legal framework set out in Part 6 of the Housing Act 1996. Where an RP has retained arrangements to allocate some or all of its properties directly, they are not governed by Part 6 of the 1996 Housing Act (as amended). The HCA Tenancy Standard<sup>34</sup> sets out the following requirements to which RPs must adhere:

#### **1 Required outcomes**

##### **1.1 Allocations and mutual exchange**

34

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/419209/Tenancy\\_Standard\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/419209/Tenancy_Standard_2015.pdf)  
Rent Plus Report August 2015

*Registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how their lettings:*

- a) make the best use of available housing*
- b) are compatible with the purpose of the housing*
- c) contribute to local authorities' strategic housing function and sustainable communities*

*There should be clear application, decision-making and appeals processes.*

*Registered providers shall enable their tenants to gain access to opportunities to exchange their tenancy with that of another tenant, by way of internet-based mutual exchange services.*

## **2 Specific expectations**

### **2.1 Allocations and mutual exchange**

*Registered providers shall co-operate with local authorities' strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities' homelessness duties, and through meeting obligations in nominations agreements.*

*Registered providers shall develop and deliver services to address under-occupation and overcrowding in their homes, within the resources available to them. These services should be focused on the needs of their tenants, and will offer choices to them.*

*Registered providers' published policies shall include how they have made use of common housing registers, common allocations policies and local letting policies. Registered providers shall clearly set out, and be able to give reasons for, the criteria they use for excluding actual and potential tenants from consideration for allocations, mobility or mutual exchange schemes.*

*Registered providers shall develop and deliver allocations processes in a way which supports their effective use by the full range of actual and potential tenants, including those with support needs, those who do not speak English as a first language and others who have difficulties with written English.<sup>35</sup>*

- 4.1.13 The tenancy standard for allocations and exchange emphasises the need for RPs to work closely with LA housing enablers to meet specific local needs and it also highlights that RPs must have published policies on how they meet LA allocation policies and local lettings policies. Rentplus would help RPs to meet this standard by making the best of available housing through moving existing tenants into Rentplus housing.
- 4.1.14 Rentplus will work in partnership with small RPs as they need their delivery partners to have close relationships with their tenants to help identify tenants that may wish to utilise the product. Rentplus would like to target lower priority individuals/families in existing social housing to free up that stock for those category (a) and (b) individuals/families on the Council waiting lists. This will have the effect of actually reducing the housing register overall where aspirant homeowners currently in social rented accommodation make the transition to Rentplus accommodation and then at years 5/10/15 or 20 take up the option to purchase using a gifted 10% deposit. Such families would benefit from living in new properties (at 80% market rent or LHA) as opposed to older social housing stock. Rentplus can also target those currently in PRS that aspire to be homeowners where they bring forward development that isn't solely delivered via s106.
- 4.1.15 The 5 year intervals allow Rentplus to target tenants dependent on their circumstances, for instance those tenants that may take advantage of the purchasing opportunities at year 5 or 10 may be drawn predominantly from the Help to Buy list, whereas years 15 and 20 would be suitable for tenants involved on choice based lettings and Right to Buy. The Rentplus agreement, signed between the LA and Rentplus, will stipulate only 25% of properties every 5 years will be sold. The HCA short form agreement includes further safeguards for LAs. The SHMA should feed into the local lettings strategy and therefore inform what split of Rentplus properties are sold every 5 years. There is flexibility in the model to react if demand dictates a different split is required following sales e.g. RPs will work to a suite of policies for handbacks/sales/lettings. The nature of Rentplus and working with smaller RPs means that Rentplus/RPs/LAs can forward plan 12 months in

<sup>35</sup> Homes and Communities Agency, The Regulatory Framework for Social Housing in England from April 2012  
Rent Plus Report August 2015

advance of each 5 year cascade date (i.e. whether the tenant or RP are likely to take up the option to purchase or whether it will be sold on the open market with 7.5% of the sale price provided to the LA).

- 4.1.16 It is envisaged that where a RP purchases the property, they will work with the tenant to identify whether a suitable tenure such as shared ownership or affordable rent will enable them to stay in the property and feasible to maintain occupation. If not then they will work to re-house within another affordable property if possible.
- 4.1.1 The forthcoming Housing Bill will include provisions to extend to Right to Buy to include tenants of housing association properties (not just council properties as is the case at present). Whilst there is already a Right to Acquire housing association stock, the eligibility is limited and discounts are not as great as those available for Right to Buy for council properties<sup>36</sup>, though a 'cost floor' would apply that may reduce or remove the likely discount<sup>37</sup>. The current Right to Buy eligibility criteria states that tenants should have had a public sector landlord (e.g. a council, housing association or NHS trust) for 3 years, though it doesn't have to be 3 years in a row. Estimates suggest that if this criterion were rolled out to housing association tenants over 1 million housing association properties could be subject to the extension to Right to Buy. The period of 3 years is significant as RP stock is, in general, newer and in better condition compared to council properties and as such it is likely that there will be a significant loss of stock over a short period of time, as happened with the Right to Buy when it first launched in the 1980s (see Table 1 below). At its height an average of 108,000 units were sold per annum between 1981 and 1991. Right to Buy is likely to be increasingly attractive to those households living in affordable homes on modest incomes of £30k (£40k in London) who will be forced to pay to stay under the proposals in the welfare bill. This may have disproportionate spatial implications as social housing is lost in higher value areas, such as London.

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<sup>36</sup> Discounts for the Right to Acquire vary from £9,000 - £16,000 dependent on location -

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/66691/Right to Acquire Discounts by location.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66691/Right_to_Acquire_Discounts_by_location.pdf)

Conversely Right to Buy for council properties includes a maximum discount of £77,900 across England, except in London boroughs where it's £103,900. It will increase each year in April in line with the consumer price index (CPI). The discount is based on:

- how long you've been a tenant with a public sector landlord
- the type of property you're buying - a flat or house
- the value of your home

<sup>37</sup> The Right to Buy scheme, as existing, includes a 'cost floor'. Section 131 of the Housing Act 1985 (the 'cost floor') limits the Right to Buy discount to ensure that the purchase price of the property does not fall below what has been spent on building, buying, repairing or maintaining the property. The discount will be less if the landlord has spent money building or maintaining a home in the last 10 years (if the landlord built or acquired the home before 2 April 2012) or in the last 15 years - if the tenant is buying the home through Preserved Right to Buy, or if the landlord acquired the home after 2 April 2012. Tenants won't get any discount if the landlord has spent more money than the home is worth.

**Table 3 DCLG Social Housing Sales: Annual Right to Buy Sales for England: 1980-81 to 2013-14<sup>38</sup>**

	<b>Local Authority Sales</b>	<b>Registered Provider Sales</b>	<b>Total Right to Buy Sales</b>
1980-81	2,328	..	<b>2,328</b>
1981-82	105,199	..	<b>105,199</b>
1982-83	167,123	..	<b>167,123</b>
1983-84	106,262	..	<b>106,262</b>
1984-85	77,522	..	<b>77,522</b>
1985-86	72,142	..	<b>72,142</b>
1986-87	76,748	..	<b>76,748</b>
1987-88	93,729	..	<b>93,729</b>
1988-89	135,701	..	<b>135,701</b>
1989-90	133,804	..	<b>133,804</b>
1990-91	76,332	..	<b>76,332</b>
1991-92	48,290	..	<b>48,290</b>
1992-93	37,686	..	<b>37,686</b>
1993-94	44,678	..	<b>44,678</b>
1994-95	43,336	..	<b>43,336</b>
1995-96	31,512	..	<b>31,512</b>
1996-97	33,206	2,377	<b>35,583</b>
1997-98	41,329	4,500	<b>45,829</b>
1998-99	40,272	4,414	<b>44,686</b>
1999-00	54,251	7,245	<b>61,496</b>
2000-01	52,380	7,098	<b>59,478</b>
2001-02	51,968	8,224	<b>60,192</b>
2002-03	63,394	10,473	<b>73,867</b>
2003-04	69,577	14,525	<b>84,102</b>
2004-05	49,983	8,665	<b>58,648</b>
2005-06	26,654	6,356	<b>33,010</b>
2006-07	17,684	4,835	<b>22,519</b>
2007-08	12,043	3,150	<b>15,193</b>
2008-09	2,869	996	<b>3,865</b>
2009-10	2,375	804	<b>3,179</b>
2010-11	2,758	956	<b>3,714</b>
2011-12	2,638	1,106	<b>3,744</b>
2012-13	5,944	2,458	<b>8,402</b>
2013-14	11,261	4,421	<b>15,682</b>

4.1.2 With these considerations in mind RPs are approaching the future with very different views, some may continue with the 'business as usual approach' with revised business plan assumptions (e.g. reduced affordable housing delivery); some will shift their emphasis towards more shared ownership products (to avoid the rent reductions in the Welfare Bill<sup>39</sup>) and others will simply stop developing affordable housing altogether.

4.1.3 In instances where an RP is likely to lose much of its stock the Rentplus product can offer a solution to continue delivery of pipeline stock by directly working with the respective RPs to identify

<sup>38</sup> Sources: Local authority sales - DCLG's Local Authority Housing Statistics (LAHS) and DCLG LOGASNet Return / Registered Provider sales - Homes and Communities Agency's Statistical Data Return

<sup>39</sup> The rent reduction requirement also does not apply when: the mortgagee becomes a mortgagee in possession; a receiver has been or is appointed by the mortgagee or the court; or, on sale by the mortgagee or the receiver, to the immediate successor in title to the registered provider on sale by the mortgagee or the receiver.

a revised and appropriate tenure split. We are aware that a number of RPs are in discussion with Rentplus over this prospect. Smaller RPs do not have the same gearing/balance sheets as the larger RPs. Rentplus would seek to work with smaller RPs and allow them to grow organically off the balance sheet by receiving a management fee from Rentplus for administering the Rentplus affordable units.

- 4.1.4 Rentplus is funded by private investors and as such it can be scaled up more quickly than traditional social housing delivered by a Council or RP who are constrained by borrowing limits. In future LAs may have to subsidise affordable rent and overall affordable housing stock levels could be reduced due to Right to Buy and short term reductions to the affordable rent grant. RPs may find it difficult to justify developments which attract little or no capital subsidy, whilst their income streams are reduced. The Office for Budget Responsibility has forecast that 14,000 fewer homes will be built owing to the Welfare Bill announcements but other commentators predict a far worse outcome with the NHF suggesting it could be 'at least 27,000 units' and this is against a pre-election commitment from the Prime Minister that the Country would be building 200,000 homes per year by 2020. Savills Financial Consultancy predicts that the capacity of the sector to raise finance to support new homes development could fall by as much as £28bn by 2020, reflecting the sector's likely reduction in debt service capability as income streams could fall by as much as 15% if efficiencies are not identified and realised<sup>40</sup>.
- 4.1.5 Rentplus has a standard Memorandum of Understanding and confidential legal agreement in addition to standard s106 wordings. Together these documents enshrine a working relationship whereby Rentplus will work on a best endeavours basis to replenish affordable housing. Whilst no unit will remain affordable in perpetuity the model would replenish the stock with replacement units elsewhere in the area and the recycling of receipts is also shared with LAs. For Rentplus to reach its full potential, we recommend that complimentary policies in tenancy strategies and RP's allocation and exchange policies need to align with policies in Local Plans and SHMAs. Rentplus' mixture of rental income and capital return makes it an attractive investment product for pension funds and ethical investors. The Rentplus model can therefore be grown organically and is scalable and through further investment locally it is capable of creating a virtuous circle of investment in the local authority area. For these reasons we are of the view that Rentplus aligns with the national planning policy and would help to meet local objectively assessed needs, as evidenced by our sample of Local Plans.

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<sup>40</sup> <http://www.savills.co.uk/news/article/72418/189865-0/07/2015/emergency-budget-announces-cuts-to-rents-in-the-social-housing-sector-of-1--for-each-of-the-next-four-years>  
Rent Plus Report August 2015



#### **ABOUT AECOM**

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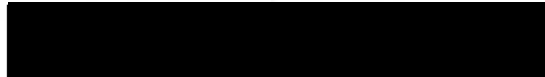


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Representor 49

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Planning Policy  
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Date: 12 August 2016

Our Ref: MR M15/0715-72

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email  
consultation  
received 12/08/16  
@ 10 27

Dear Sirs

**RE: NORTH WEST LEICESTERSHIRE LOCAL PLAN PUBLICATION VERSION**

We represent **Rentplus**, a company providing an innovative affordable housing model aimed at delivering discounted rented homes to buy for people who are unable to acquire a property on the open market but also trapped by ineligibility for existing affordable housing tenures.

The Government's consultation on proposed changes to national planning policy (December 2015) explicitly indicated that the affordable housing definition is to be amended to incorporate 'innovative' rent to buy housing. Enclosed with this consultation response is an Affordable Housing Statement by Tetlow King Planning setting out the compliance of the Rentplus model with the NPPF definition of affordable housing and how this should be incorporated into local plans to boost supply and meet local needs. Rentplus schemes have already been delivered elsewhere in England and are providing high quality homes to those whose housing aspirations were not being met by the market. The Council's strategic approach to housing delivery should take into account this innovative model which, with local support, could assist great numbers of local families into home ownership.

The Council's **Policy H4 - Affordable Housing** contains a good general policy for delivering affordable housing policy, but should go further in reflecting current and emerging Government policy. As noted, the definition of affordable housing is expected to change to incorporate rent to buy affordable housing, as well as Starter Homes. The Council should act now to include these tenures so that the local community can benefit from the delivery of rent to buy homes more quickly.

Planning to include these tenures will ensure the Plan more effectively delivers homes to meet not only housing needs but also aspirations. Many of those households on the Council's waiting list are unlikely to be prioritised for social rented or affordable rented properties, but will be eligible for rent to buy housing. As this model bridges the mortgage deposit gap many more households are helped off the housing register and into housing that is appropriate for their long term needs, without the need for Government funding.

The Rentplus model, as set out in the accompanying Statement, also supports local partner affordable housing providers to deliver additional affordable housing and as such should be read as an important addition to the existing supply. Where housing sites are stalled it can also provide a significant boost to viability through the early delivery of Rentplus homes, unlocking existing schemes and improving the overall level of supply in the area.

We propose that the policy be amended to specifically seek the full range of affordable housing tenures across the District, including rent to buy. We recommend that **point 3** is amended to note that:

*"The Council's preference is for on-site affordable housing which should:*

- *include a mix of types and tenure that reflects the type and nature of any need and aspiration at the time that the application is determined, considering the full spectrum of affordable housing tenures, including rent to buy and*

- *be integrated within the design and layout of a development such that they [are] externally indistinguishable from market housing on the same site."*

We also note that affordable housing can be appropriately secured by condition. The requirement as set out at **point 4** of the policy is not suitable and should be removed. Whilst the use of Section 106 Agreements is the standard method of securing an affordable housing scheme, in our experience many affordable housing providers also find it useful and necessary to have this secured by condition, particularly where alternative funding is being used. We recommend that this section of the policy is amended to state that "*Planning permission will be subject to securing an appropriate scheme for affordable housing*"; there is no need to state by which method as even large scale phased delivery can be secured and managed by condition.

We note also the Council's own aspiration to explore the potential for delivery (as noted at **paragraph 7.35**). A partnership approach with external providers such as Rentplus could be a pragmatic and highly effective manner of delivering homes to meet local needs, as well as ensuring homes are delivered in the areas that most need targeting. Rentplus are willing to enter into a Memorandum of Understanding with the Council to assist in discussing the practical implications of delivering Rentplus homes and to establish a working relationship to provide affordable homes across North West Leicestershire. A meeting with planning and housing officers would be useful to discuss this.

It may be useful to amend the approach to the provision of affordable housing on rural exception sites (at **Policy H5**) to be effective in the long term, and comply with the emerging national policy approach which is supportive of the delivery of rent to buy housing and Starter Homes. In such cases where exception site schemes need cross-subsidy, the provision of Rentplus rent to buy homes would be a more useful alternative to open market housing, as well as fulfilling the requirement of delivering affordable housing to meet local needs. To allow for this we recommend that **point 3** of this policy is amended to state:

*"On sites that are outside of, but well related to, a sustainable village or a small village the inclusion of ~~market housing~~ on 'Exception' Sites of rent to buy affordable housing will be preferred, or alternatively market housing will be supported where..."*

We note in relation to **Policy H6** that the nature of the local housing sub-market and the needs and demands of all sectors of the community will include demand for housing to buy for those households who are unable to raise a mortgage deposit. As Rentplus homes are specifically tailored to those needs and aspirations, it is important that the Council recognise those (often hidden) needs by supporting the delivery of this innovative model which will help local households into home ownership without the need for expensive private rented sector accommodation.

**Point 3** should be removed. The new streamlined technical housing standards system requires the Council to demonstrate a clear need for housing for people with specific housing needs, and to test the viability of implementing any percentage requirement of the optional accessibility standards before adopting a policy on this. The implementation of the optional technical standards can have significant consequences for viability through additional build (and other) costs, and should be robustly tested.

The **Glossary** should also be updated to reflect the emerging national policy, including definition of rent to buy, as set out below:

*"Rent to buy homes: available to rent at a cost no greater than 80% of the local open market rent, including service charge, before being made available to purchase with a discount or gifted deposit."*

The Council will also need to consider the definition of Starter Homes and adapting its policies to reflect this additional tenure.

We would like to be notified of any further consultations both prior to and following submission for examination on the Plan, by email only to [consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk). Please ensure that **Rentplus** is retained on the consultation database, with **Tetlow King Planning** listed as their agents.

Yours faithfully



**MEGHAN ROSSITER BSc (Hons.) MSc MRTPI**  
**PRINCIPAL PLANNER**  
For and On Behalf Of  
TETLOW KING PLANNING

**Enc.:** Affordable Housing Statement (**Tetlow King Planning**)  
Rentplus Briefing Note  
Rentplus Model – Compliance (**Ashfords**)  
Rentplus Planning and Policy Review (**Aecom**)

**Cc:** Sue Coulson, Rentplus





4913/H6/O

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**Cc:** Sue Coulson, Rentplus





49/4/Glossary/  
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