



Local Plan Review
The Planning Strategy Team
Stroud District Council
Ebley Mill
Stroud
GL5 4UB

Date: 21 January 2020

Our Ref: JR/CL M15/0715-309

By email only:
local.plan@stroud.gov.uk

Dear Sir/Madam

RE: STROUD DRAFT LOCAL PLAN REVIEW (REGULATION 18)

Thank you for the opportunity to comment on the Stroud Local Plan Draft for Consultation. We represent **Rentplus UK Ltd**, an innovative company providing **affordable rent-to-buy housing** for hard-working people aspiring to home ownership. Rentplus provides an accessible route to achieve their dream through the rent - save - own model. Households rent the property for a defined period at an affordable intermediate rent and then receive a gifted 10% deposit upon purchase. Rentplus has been recognised by the National Housing Awards as the most innovative Home Ownership Solution for 2019.

The first section of these representations introduces the Rentplus model and sets out recent developments which underline the importance of the rent-to-buy model. The second section provides specific comments on the emerging Plan. The third section explains the benefits of the Rentplus model to the local authority. The final section sets out a summary and conclusion.

Introducing Rentplus

The Rentplus model of affordable rent-to-buy, aims to help those hard-working families and households unable to access ownership either through shared ownership, starter homes or homes on the open market, to overcome the mortgage 'gap'. This is achieved through a defined period of affordable intermediate rent, during which all Rentplus residents are able to save towards a deposit. It is important to note that in 2018 the National Planning Policy Framework (the 'Framework') was revised to incorporate a wider definition of affordable housing, now providing four categories; rent-to-buy is included within category *d) Other affordable routes to home ownership*.

Each scheme delivered by Rentplus offers a unique, affordable route to home ownership through affordable rented housing, set at the lower of 80% market rate (affordable rent) or Local Housing Allowance, including any service charge, with a planned route to ownership at years 5, 10, 15 or 20 after first occupation. The most important difference to other affordable tenures is that households are able to save for a mortgage deposit while renting the same home at an affordable - intermediate rent, with a 10% gifted deposit to assist with the purchase. Whilst doing so, households can build their credit history, to assist with mortgage applications.

The new Housing Minister, Esther McVey highlighted the importance of Rent to Buy in her first speech to the RESI Convention (12th September 2019)¹. In talking about the Government's drive to increase home ownership she stated that it includes "*Rent to Buy, so people can rent knowing that they are going to buy, knowing that they've got a bit of breathing space, maybe it's in 5 years, maybe it's in 10 years, but they will get to own that property - so they can plan, knowing they have the certainty of getting a*

¹ The speech is accessible via <https://www.gov.uk/government/speeches/resi-convention-2019>



deposit and getting that house.” These supportive comments concisely summarise the Rentplus model described above which currently provides a home for 650 households across the UK. Her comments not only reinforce the Framework’s provision for additional affordable housing routes to home ownership, but also endorses directly the work of Rentplus.

A further recent development - The Affordable Housing Commission, chaired by one of the pre-eminent voices on affordable housing, Lord Best, published its interim report *Defining and Measuring housing affordability – an alternative approach* in June 2019². This was produced in response to the difficulties that the standard measure of affordability, comparing house prices to incomes, poses in recognising housing stress and affordability across the housing spectrum. The report proposes recalling the approach of measuring affordability by reference to rents or purchase costs exceeding one third of household income (for those in work) in order to better pose a pro-active and interventionist response to housing difficulties. This follows recent work which suggests that the probability of housing stress increases with housing costs exceeding a quarter of gross income on rent.

The Commission also highlights the findings of numerous surveys which state that the majority of tenants and adults living with parents aspire to own their own home; of the 5.5m ‘frustrated first time buyers’, 1.6m are in the private rented sector. This group is one of four the report identifies as having particular needs and housing stresses, and who can’t buy “*mainly because of the time needed to save for large deposits*”. These numbers represent an increase of 0.6 million renters since 2010, many of whom are paying over 40% of household income on rent. The report recognises the well-known problem that many households in the private rented sector are likely to have multiple affordability issues, exacerbated by insecurity of tenure and poor-quality living standards.

The report states that “**good quality homes of the right size for the household is seen as a basic minimum**”; while this is a generally accepted principle in the delivery of housing, and in particular of affordable housing across England, this can be difficult to achieve through the planning system which does not adequately reflect the variations in household needs. The decrease in the numbers of households able to access home ownership is in large part due to the time taken to save for a mortgage deposit without the help of the ‘Bank of Mum and Dad’.

The Affordable Housing Commission notes that “**those just able to buy are likely to have to save for an unrealistic period or unlikely ever to be able to raise an adequate deposit**” – for the purposes of assessing the numbers of would-be purchasers, the Commission ‘cuts off’ the savings period at ‘just’ five years. The difficulty in saving for a deposit is one of the most critical barriers to home ownership, and the focal point for Rentplus – providing a clear route and time period for working households, including those with children, to save. Using the Commission’s proposed measure of affordability would better capture the needs of struggling first-time buyers, many of whom are otherwise likely to remain trapped in insecure private rented sector accommodation.

Comments on the Draft Local Plan Review

The Draft Local Plan Review discusses the approach to tenure within Core Policies CP8 and CP9; these policies indicate that the Council will take a flexible approach to proposed tenure splits and is willing to discuss different approaches through the pre-application process. This overall approach is welcomed; by taking a flexible approach, the Council will be better placed to facilitate the delivery of affordable housing across all types and tenures, including through other affordable routes to home ownership as required by the Framework.

That being said, in order to be consistent with national planning policy and therefore sound, the Local Plan must include specific discussion of ‘other affordable routes to home ownership’ and reflect this in the wording of policy CP9. Paragraph 64 of the NPPF requires major developments to provide at least 10% of the homes as available for ‘affordable home ownership’. Rent to buy falls within this category and is becoming increasingly established across the country; Rentplus has been actively delivering new homes across the South West, the Midlands and the East of England in recent years.

² The report is accessible via www.affordablehousingcommission.org.

Policy CP9 should therefore include additional wording, at the end of the final paragraph, to read:

“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. In doing so, the Council shall seek to deliver at least 10% of the homes available on each site to be available for affordable home ownership (as part of the overall affordable housing contribution to the site) subject to the provisions of prevailing national planning policy in this respect.”

In tandem with this, the Local Plan Review should include an explanation of the rent to buy model within the supporting text. This will provide meaningful guidance to relevant stakeholders and to inform development proposals. It will also help support the delivery of rent to buy products (including the unique Rentplus model) and achieve significant economic and social benefits for residents of Stroud. To this effect, Rentplus would welcome the opportunity to meet with the Council’s planning and housing officers to explore the potential of rent-to-buy to meet the needs of households and families in Stroud.

Benefits of the Rentplus model

The Rentplus model offers the opportunity for the Council and Registered Providers (RPs) to diversify the local housing offer without further recourse to public subsidy. The affordable rented period provides families and households with security of tenure, with certainty of management and maintenance by a local partner RP, and critically the opportunity to save towards purchase. As affordable rent to buy meets needs for affordable rent (the only difference being marked by the expectation by all parties of purchase), it comes with a significant benefit of freeing up existing affordable rented homes for others in priority need, as demonstrated by Rentplus schemes across England.

Rentplus undertakes rigorous affordability testing of potential purchasers to ensure that this is a realistic expectation and can be achieved within the set timeframes of five to 20 years. This means that substantial discounts at the point of purchase are not required, as it is the inability to save for a mortgage deposit or other financial issues that prevents a significant number of households from accessing ownership, and not the ability to service a mortgage over the long term.

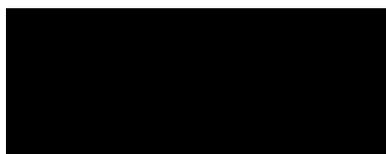
Working with local authorities to meet local priorities is critical to the success of the Rentplus model of affordable rent to buy, as helping hard-working local households and families access ownership reduces the pressure on the housing waiting list. This frees up local authority and housing association time to focus on meeting priority needs for social and affordable rented homes.

Summary and Conclusion

Rentplus can assist in meeting local need, allocating all of its residents through the Housing Allocation Scheme; by enabling real savings to be built while renting at an affordable rent the Council can help meet the needs of low and middle income households, providing greater choice and flexibility in the planning system.

Should the Council wish to discuss how affordable housing delivery and rent-to-buy can best meet the specific affordability challenges in Stroud, please get in touch. We would like to be notified of further consultations; please notify **Tetlow King Planning** as agents of Rentplus by email only to consultation@tetlow-king.co.uk.

Yours faithfully



PRINCIPAL PLANNER
For and On Behalf Of
TETLOW KING PLANNING

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