



Planning Policy
Sandwell MBC
Council House
Freeth Street
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Our Ref: M15/0715-359

By email only: Sandwell_LocalPlan@sandwell.gov.uk

To whom it may concern,

**RE: SANDWELL DRAFT LOCAL PLAN: REGULATION 18 CONSULTATION
COMMENTS ON BEHALF OF RENTPLUS UK LTD**

Thank you for the opportunity to comment on the emerging draft Sandwell Local Plan (the "SLP"). 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 move in with no deposit, rent the property for a defined period at an affordable rent, and then receive a gifted 10% deposit upon purchase.

In 2021, 100% of the homes destined to be sold at the first 5-year milestone were sold to Rentplus tenants who moved in with no deposit back in 2016. This important milestone has proven the concept in the 'real world'.

The first section of these representations introduces the Rentplus model and sets out recent developments which underline the importance of the affordable rent to buy model. The second section provides our specific comments on the emerging Local Plan.

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, First Homes or homes on the open market, to overcome the 'deposit barrier'. Raising a deposit for a mortgage can be the biggest barrier to homeownership, especially for those households who may be 'stuck' in the private rented sector paying full market rents. Even the Government schemes aimed at first time buyers, including First Homes, Shared ownership and (formerly) Help to Buy are not accessible to those without a significant deposit or those who need to improve their credit rating to support their mortgage application.

Rentplus homes are let to aspirant homeowners through a partner Registered Provider ("RP") for a defined period of five, ten, fifteen or twenty years. At the end of this, the tenant is offered first refusal on the home and **receives a 10% gifted deposit** from Rentplus at the point of purchase. Rentplus applicants are mainly drawn from the Council's housing register and the duration of their tenancy is informed by an affordability assessment. Tenants can build their own savings and credit history during the period of affordable rent, to supplement the gifted deposit. Rentplus homes are typically secured through Section 106 agreements and are delivered without grant funding (such as that from Homes England).

Rentplus is an innovative tenure type and its delivery is supported by national planning policy. In 2018 the National Planning Policy Framework (the "NPPF") was revised and now incorporates a wider definition of affordable housing across four different categories. Rent to buy housing is included within the definition of category d) 'Other affordable routes to home ownership'. However, the revised NPPF also expanded the scope of category a) 'Affordable housing for rent' to include any scheme which meets criteria where the rent is at least 20% below local market rents, where the landlord is a registered

provider, and where any public subsidy is recycled for future provision. Rentplus meets each of these criteria and has received Counsel's opinion which confirms this approach.

In this context, the Rentplus model of **affordable rent to buy** is a 'hybrid' and falls within both categories of affordable housing, as either part of the 'affordable housing to rent' element, or as an 'affordable route to home ownership'. Around 60 councils are working with Rentplus and have accepted the model to deliver affordable rent to buy homes for local people.

The Rentplus model offers the opportunity for the Council and RPs to diversify the local housing offer without recourse to public subsidy, supporting the timely delivery of affordable homes and de-risking developments. 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 and improve their credit rating while doing so. 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.

In diversifying the overall housing tenure mix, Rentplus supports the creation of sustainable, mixed and balanced communities. Rentplus tenants are on a clear path to homeownership, meaning they are more likely to remain in their property for the long-term and therefore better settle into their community. This helps to create a stronger sense of place in new developments in the long run.

Comments on the emerging Local Plan

As an opening comment, Rentplus is pleased to see that Sandwell MBC is taking the positive step of updating its development plan, and congratulates the Council on the quality of the consultation material.

In this context, Rentplus notes and welcomes the Council's corporate vision for the Borough:

"It's where we call home and where we're proud to belong - where we choose to bring up our families, where we feel safe and cared for, enjoying good health, rewarding work, feeling connected and valued in our neighbourhoods and communities, confident in the future, and benefiting fully from a revitalised West Midlands."

This sits alongside the accompanying Ambition 7 for the SLP, which relates to housing and to meeting the full range of housing needs that arise in the borough:

"We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes."

Alongside Ambition 10 for the SLP, which makes clear that the Council is keen to see positive action:

"Sandwell now has a national reputation for getting things done, where all local partners are focused on what really matters in people's lives and communities."

And finally the proposed Vision 2041 which comments on the wider range of housing that is sought for the Borough:

"There is a wide range of housing available to Sandwell residents, aiming to help meet housing needs, designed to support green living and suitable for adaptation to benefit all sections of the community. Affordable, social and local authority-provided homes are available to those who need them."

Rentplus recognises the Council's desire to deliver affordable and sustainable communities and believe tenure diversity has a key part to play in delivering this. Planning policies which enable innovative tenure types; which help to meet different elements of housing need; and which support the timely delivery of much needed new homes; are an important part of meeting Sandwell's stated vision and ambitions.

Policy SHO4 'Affordable Housing'

In general terms, Rentplus supports the wording of policy SHO4 as drafted. It is not unduly prescriptive in terms of the tenure mix that is sought (save for point 3 in respect of First Homes, albeit that is a reflection of current national policy). Points 1 and 4 of the policy provide the flexibility to achieve a range of tenures that reflect local circumstances and can meet housing needs. That being said, we recommend that changes are made to the policy wording, its supporting text and its evidence base.

Policy wording: Affordable housing in perpetuity

Point 6 of policy SHO4 as drafted, requires affordable housing to remain so 'in perpetuity'. Fundamentally, this would prevent almost all affordable home ownership products from coming forwards – it is of course the expectation that these homes will be purchased in full by households who are otherwise unable to afford to purchase on the open market. A policy that would prevent these homes from coming forward would inevitably conflict with the stated vision and objectives of the SLP which are to meet a wide range of housing needs in Sandwell.

Moreover, there is no requirement in national planning policy to provide affordable housing 'in perpetuity', save for at Rural Exceptions Sites. Instead, the Annex 2 definitions of affordable housing tenures set out the expectation that receipts from any sales will be recycled for further affordable housing provision.

As drafted, policy SHO4 is unsound because it will be ineffective and inconsistent with national planning policy. In order to remedy this, point 6 of the policy should be deleted.

Evidence base

The Black Country Housing Market Assessment 2021 (the "Black Country HMA") provides an assessment of affordable housing needs in Sandwell borough. Importantly, its table 3.7 at page 51 assesses the affordability of Rent to Buy homes alongside the time taken to save for a 10% deposit. This is a welcome level of detail that is sometimes absent from similar documents commissioned by other authorities, and is a vital illustration of the contribution that Rent to Buy homes can make towards meeting the widest possible range of housing needs.

In Sandwell, table 3.7 presents a powerful illustration of how Rent to Buy can help households raise a 10% deposit; transforming lengthy and likely unrealistic timeframes, into an achievable goal:

- For a 1-bed home, it will take 2.7 years to raise a deposit at an intermediate rent, compared with 8.4 years in the private rented sector (a reduction of 5.7 years);
- For a 2-bed home, it will take 2.9 years to raise a deposit at an intermediate rent, compared with 11.8 years in the private rented sector (a reduction of 8.9 years);
- For a 3-bed home, it will take 4 years to raise a deposit at an intermediate rent, compared with 18.9 years in the private rented sector (a reduction of 14.9 years);

These timescales compare well against First Homes; Table 3.10 shows that in Sandwell it will take 8.2 years to raise a deposit for a 1-bed First Home; 11.2 years for a 2-bed First Home, and 16.6 years for a 3-bed First Home. Evidently, Rent to Buy homes can help to meet the needs of a wide range of households and this underlines the importance of a diverse tenure mix.

It should also be noted that the Black Country HMA assessment of the affordability of Rent to Buy is based on a 'generic' product that includes no gifted deposit. One of the key benefits of Rentplus is that it includes a 10% gifted deposit at the point of purchase, which means that an even wider range of households can access home ownership, supplemented by their own savings.

Given that the Black Country HMA has considered the affordability of rent to buy homes, it is surprising that it does not seek to identify a need for such accommodation. Its table 5.4 at page 75 focuses on only the 'traditional' tenure types including shared ownership and social/affordable rent, whilst its table 5.9 identifies potential demand for First Homes. We recommend that the Black Country HMA is revised to take account of rent to buy in its overall assessment of the need for affordable housing types and tenures.

Supporting text

Paragraph 7.27 is right to identify the requirement at paragraph 65 of the NPPF to deliver 10% of the total number of homes on major developments to be affordable home ownership tenures. However, the final sentence of this paragraph refers only to First Homes and Shared Ownership tenures, whereas in practice any affordable home ownership tenure, including rent to buy products, can meet this need. To clarify this element of the supporting text, the final sentence of paragraph 7.27 should refer to the broader range of Annex 2 definitions instead.

Policy SHO6 - Financial Viability Assessments for Housing

Policy SHO4 works in concert with policy SHO6 where viability is at issue and may prevent the full 25% affordable housing expectation from being achieved. Policy SHO6 helpfully refers to an 'optimum' tenure mix and Rentplus supports this where it will enable a wide range of tenure types to be delivered.

In such cases, we recommend that the supporting text (either to policy SHO4 or SHO6) indicates that the Council will seek flexibility in tenure in the first instance, as preferable to reducing the proportion of affordable housing that will be achieved. This will ensure that the policy is effective and in doing so, support the soundness of the SLP.

Summary and conclusions

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. We recommend that minor amendments are made to the proposed affordable housing policy and supporting text, in order to ensure soundness and to deliver on the vision and ambitions that the Council itself has established for the SLP.

We trust the above comments are of assistance to the Council. Should the Council wish to discuss how the Rentplus model of affordable rent to buy can best meet local needs in Sandwell, please get in touch. We would like to be notified of further developments as the SLP progresses towards submission; please notify **Tetlow King Planning** as agents of Rentplus by email only to consultation@tetlow-king.co.uk.

Yours faithfully

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