

Affordable Housing Proposition – October 2023

Sketchley Grange, Burbage, Persimmon Homes North Midlands

Site Overview

Planning Permission for up to 150 dwellings at Sketchley Lane, Burbage was granted 4th January 2023 under application number 21/01131/OUT. The approval includes a requirement to provide 20% of the site as Affordable Housing with a tenure split 75% Affordable Rent and 25% Shared Ownership.

Persimmon have been engaging with Registered Providers (RPs) to secure a partner for the delivery of the affordable homes and as your Strategic Housing and Enabling Officer Valerie Bunting is aware, have been unable to secure a viable offer other than from Affordable Housing Provider Rentplus.

Registered Providers

As you are all aware the recent economic climate has impacted the housing market, the increased cost of borrowing making investment decisions for most RP's more difficult and in some cases their entire development programmes have been put on hold. RP's are also facing challenges posed by the impact of the cost of living crisis for their tenants, as well as the Governments decarbonisation agenda, especially with regard to their existing stock.

The following RP's have declined interest in the opportunity to acquire S.106 homes at Sketchley Grange:

- East Midlands Homes
- Platform Housing
- Midland Heart
- Riverside
- Longhurst
- Orbit
- Trent and Dove
- NCHA
- Futures Housing Group
- MTVH

- ACIS

A lack of RP's with an interest in acquiring the S.106 affordable housing element is a significant concern for both the Council and Persimmon in terms of the deliverability of affordable housing as part of the wider development proposal at Sketchley Grange.

Persimmon Homes have worked with Rentplus to deliver S.106 affordable homes in other parts of the Country therefore have been in discussion with your Strategic Housing and Enabling Officer as to whether this tenure option could offer a solution in Burbage.

Affordable Housing Proposal

Our proposal for the delivery of the approved scheme is for Rentplus to acquire up to 25 Rented homes, with Persimmon Homes having the option to deliver 5 of these as 'Intermediate Homes' - either Discounted Sale/Shared Equity at 80% of Open Market Value, Shared Ownership, Rent to Buy or other form of Intermediate Housing which is NPPF compliant and as may be agreed in writing with the Council.

Where the Rent to Buy model operated by Rentplus is not supported, it is proposed the delivery of the affordable housing to be all as Intermediate Housing tenure (DMS/Shared Equity/other form of low cost homes ownership) or alternatively payment of a commuted sum to the Council in lieu of on-site provision.

The S.106 agreement for this consent will require a Deed of Variation to reflect the above proposal.



Rentplus UK Ltd

- Rentplus UK Ltd is the country's leading provider of affordable rent-to-buy homes. Rentplus is fully compliant with the definition of Affordable Housing in the National Planning Policy Framework (NPPF) and qualifies as both Affordable Housing to Rent and Other Affordable Routes to Home Ownership.
- Rentplus homes are for aspirant home owners who currently cannot afford to access housing through the open market and they are unable to save for a deposit. Rentplus tenants are normally local people with a proven local connection, can be former social rented housing tenants (freeing up existing social housing), key workers supporting sustainable local communities, younger working people and families.
- Rentplus tenants benefit from standard renewable 5-year, fixed term, assured shorthold tenancies set at an intermediate rent which is up to 80% of local market rent and is inclusive of all service charges. Tenancies are fully compliant with the

Regulator of Social Housing's Tenancy Standard. This gives Rentplus tenants confidence that they have a secure home during their rental period.

- Rentplus homes can be marketed through choice-based-lettings or direct advertising and can be targeted to meet the needs of the local authority's housing strategy (e.g. targeting of tenants who are currently living in existing social housing, to free up homes for those most in need who are currently on the housing waiting list)
- Applicants are assessed on their level of housing need and their ability to be able to purchase their home in the future. They are then allocated a 5, 10, 15 or 20-year rental period at the end of which they will have the opportunity to purchase their home with the benefit of a 10% gifted deposit.
- Rentplus homes are managed and maintained by a housing provider, for example, a registered provider, a registered charity or another provider of affordable housing approved by the local authority. This ensure tenants receive the best service from their landlord.
- If a tenant is unable to purchase their home at the agreed time, then Rentplus can offer the opportunity to other tenants to exchange their purchase option. This means that tenants on longer rental periods could buy early and tenants who are unable to buy could be offered a longer rental period. If this is not possible, homes will be offered for sale to the housing provider so the tenant can stay in their home as a tenant or purchase the home on a shared ownership lease. In the very unlikely event that an alternative solution cannot be found the tenants receive full support to access to suitable alternative accommodation.

Benefits for Hinckley & Bosworth Borough Council

- Provides a solution to the delivery of affordable housing at Sketchley Grange.
- Widens the overall range of affordable housing tenures available to local people in Hinckley which creates diverse and thriving communities.
- Positive impact to those in Housing Need within Hinckley & Bosworth by making the best use of existing housing stock by targeting existing social housing tenants who aspire to home ownership, freeing up traditional affordable housing across the local authority area to home those most in need who are currently on the housing waiting list.

- Rentplus will agree a Local Lettings Plan with the council to ensure that the homes are allocated to people with a local connection to the area who are in housing need and who aspire to home ownership in support of the local authorities housing strategy.
- Rentplus is the tenure of choice for key workers such as health care workers and emergency services personnel. Over 50% of all Rentplus tenants are key or essential workers.
- Rentplus model was designed to enable younger local residents to remain living and working in their community where this might have otherwise proved impossible. This helps support local economic and individual growth.

Governance of Rentplus Homes Ltd

- Rentplus Homes Ltd is an independent subsidiary of Rentplus UK Limited.
- Rentplus Homes Ltd has an independent board of directors, chaired by Darrell Mercer, former CEO of the registered provider, A2 Dominion
- Rentplus Homes Ltd is a provider of affordable housing currently managing over 600 homes across 6 different local authorities with a pipeline of around 300 homes to be delivered in the next 12 months.
- Rentplus Homes Ltd is applying to become a registered provider, although this is not a requirement to deliver rent-to-buy housing. We anticipate achieving regulated status before the end of 2023.
- Rentplus Homes Ltd is registered as a housing provider with the Housing Ombudsman Service.

Delivery

- Rentplus currently own over 600 Rentplus homes across 26 different local authorities areas across the country through local section 106 planning agreements.
- Rentplus have an active pipeline of delivery for another 600 homes to be delivered in the next 12 to 18 months and have been approved in over 52 local authority areas.

Next steps

- Rentplus and Persimmon Homes appreciate that Officers and Members may have further questions arising from the above which we are happy to address via a meeting in person at your earliest convenience.
- Should the Council be supportive of the above proposal the S.106 agreement will require amendment via a Deed of Variation, to acknowledge the Rentplus model. Persimmon Homes can prepare a draft document for review by Legal Officers at Hinckley & Bosworth in consultation with Valerie Bunting.
- Both parties look forward to receiving feedback from Valerie following your review of our proposal in the hope that we can move forward to secure the delivery of the affordable homes at Sketchley Grange.