



# Homes for Our Future Greater Cambridge Housing Strategy 2024-2029

## Annex 5: Build to Rent Policy

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## 1. Purpose

- 1.1. This policy outlines the approach that the councils will take around the development of new, purpose-built homes for rent. The policy should be used to help guide applicants to submit successful planning applications and will be a [material consideration](#) in making decisions on applications.
- 1.2. The policy formed an annex to the Greater Cambridge Housing Strategy 2019-2023, and has been reviewed as part of the 'refresh' of the Housing Strategy for 2024 onwards.

## 2. Introduction

- 2.1. Build to Rent is defined in the [National Planning Policy Framework](#) (NPPF), (published December 2023) as:

*“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.”*

- 2.2. The NPPF also sets out, as part of the affordable housing definition, that:

*“For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).”*

- 2.3. Build to Rent and Affordable Private Rent, as types of private rented sector housing, are different from Social and Affordable Rent homes provided by councils and other registered providers specifically for applicants on the councils' housing registers. Build to Rent, together with provision of Affordable Private Rent, is generally funded by commercial investors seeking a long-term rental income.
- 2.4. National Planning Practice Guidance (NPPG) on [Build to Rent](#) (updated June 2021) states that local planning authorities should use a local housing need assessment to take into account the need for a range of housing types and tenures in their area, including provision for those who wish to rent. If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent, recognising the



circumstances and locations where build to rent developments will be encouraged.

- 2.5. The policy has been informed by the NPPF and NPPG; and research carried out on the [Housing Needs of Specific Groups in Cambridgeshire and West Suffolk \(GL Hearn, 2021\)](#).
- 2.6. Other evidence used includes research on Build to Rent commissioned by the two councils. These were: Savills: [The Build to Rent market in Greater Cambridge and West Suffolk, June 2020](#), and Arc4: [Market demand appraisal reports, and Build to Rent Market Strategic Overview and Summary of Site Specific Appraisals 2021](#).
- 2.7. The affordable housing requirement on Build to Rent schemes detailed in this policy does not change the overall requirement for 40% affordable housing on major multi-tenure development sites as set out within the councils' Local Plans. (Major housing developments are defined in the NPPF as where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more).

### 3. What this policy covers

- 3.1. There is no single model for Build to Rent schemes, and sizes of schemes can vary. They can be stand-alone schemes – for example in infill areas – or blocks/phases within larger development areas planned or being brought forward for development. In the context of the NPPF and the councils' wider objectives, this policy applies to schemes which:
  - 3.1.1. Provide good quality homes, designed and built specifically and entirely for rent (excluding conversions).
  - 3.1.2. Are held as Build to Rent under a covenant of at least 15 years.
  - 3.1.3. Offer tenancies of three years or more to all tenants who want them (subject to any changes introduced through the Renters (Reform) Bill once enacted).
  - 3.1.4. Are professionally managed stock in single ownership and control; and
  - 3.1.5. Are expected to include appropriate provision of affordable housing.
  - 3.1.6. It does not cover stock built for sale where a developer/investor or registered provider decides to retain a number of the homes for use as



private rented stock. It also does not cover for-sale homes that are purchased on completion of a private for sale scheme.

### 4. Policy

- 4.1. An appropriately balanced mix of property sizes will be required in any scheme, taking into account profile of demand, to help support the councils' aspirations around place shaping and creating mixed and balanced communities.
- 4.2. The councils may require Build to Rent schemes on major multi-tenure development sites to be spread out across the development in small groups. They may also require a limit on the size of schemes and/or the proportion of Build to Rent homes provided in a particular location.
- 4.3. Quality of schemes is important; particularly environmental standards. National space standards will also apply, as will relevant national and local planning policies and area specific planning requirements in relation to a range of issues, such as high-quality design, amenity space, car and cycle parking, accessibility standards and biodiversity net gain.
- 4.4. Some internal and/or external communal space and/or in-house amenities are expected to be provided in Build to Rent schemes, including work-space provision which should be available for use by both market and Affordable Private Rent tenants. Design also needs to take into account likely frequent movement of furniture and belongings through communal areas. Public open space around Build to Rent schemes should, where appropriate, add to the amenities available to the wider community to encourage wider social interaction.
- 4.5. A single management company or operator will be expected to manage the whole Build to Rent scheme, including providing an appropriate level of daily on-site management. We would expect the management company to also work alongside other local community development provision as appropriate to support cohesion between Build to Rent residents and the wider community.
- 4.6. A robust market report will be needed to clearly demonstrate how any scheme would meet local need and demand. Information will also be required on how schemes and management will support the place-shaping agenda.
- 4.7. The affordable housing contribution, as a long-term benefit in perpetuity, will normally be expected to be provided on-site where it is necessary to build or



contribute to a mixed and balanced community, as Affordable Private Rent or through other affordable tenures where part of a wider multi-tenure development. However, there may be circumstances where the councils consider an equivalent financial contribution to be more appropriate, making up either all or part of the affordable contribution, to be invested in affordable housing elsewhere; for example, where this would achieve a better overall mix of tenures, or for other reasons.

- 4.8. A minimum of 20% homes in Build to Rent developments of 10 or more homes will be required to be provided as Affordable Private Rent, subject to paragraphs 4.7 above and 4.24 below. This is a minimum and the councils will seek to achieve a higher percentage than this wherever possible.
- 4.9. All the Affordable Private Rent homes must be constructed and managed to the same high-quality standards as the market rent homes. They must be tenure-blind and physically indistinguishable from the market homes in terms of design, quality, size and location on the site, and access to and payment for services and utilities. In the case of apartments, different buildings for different tenures will not be acceptable.
- 4.10. Affordable Private Rent homes must be provided at a minimum discount of 20% relevant to local market rents, and be affordable and available to households on a range of incomes who would struggle to rent or buy locally on the open market. In setting rent levels regard should be had to our Affordable Rents policy (Annex 4 to the Strategy). This is a minimum discount, and the councils will seek to achieve a higher percentage discount wherever possible.
- 4.11. There should be clear arrangements for setting and reviewing rents for both the market and affordable homes, providing some certainty to applicants from the outset about how rent levels are likely to change. This includes setting a maximum amount or percentage by which rents can be increased each year. Rental discounts for the Affordable Private Rent homes should be reviewed on the same basis as rents for market homes.
- 4.12. The councils may want particular groups to be given some priority for the Affordable Private Rent homes; local workers on developments close to areas of employment for example.
- 4.13. For Affordable Private Rent homes, criteria around issues such as: eligibility; rent setting and review; marketing; monitoring; and clawback and other arrangements should units be decommissioned at any time, will need to be agreed with the relevant council.



- 4.14. The section 106 agreement will need to include a monitoring and review mechanism covering the option for post-occupation trade-off between the number of Affordable Private Rent units and the rental discount offered on them should future circumstances justify a higher level of discount.
- 4.15. A monitoring fee will be agreed within the section 106 agreement to cover the council's costs for the initial and future monitoring of the scheme.
- 4.16. Changing of Affordable Private Rent to another tenure may be permitted in some circumstances. For example, one-for-one swaps between market and affordable; where a trade-off is agreed with the council between the number of Affordable Private Rent units and the rental discount offered on them; or where it is clearly impracticable to continue to retain the dwellings as Affordable Private Rent.
- 4.17. A clear exit plan will need to be agreed with the council through the section 106 in case some or all of the market and/or affordable homes are decommissioned in the future, with agreed clawback arrangements in place.
- 4.18. Tenancies of at least three years should be offered, and preferably longer; subject to any future legislative changes, such as through proposals in the Renters (Reform) Bill.
- 4.19. All tenants (market and affordable) should be given the opportunity to renew their tenancy at the end of their tenancy period, with tenant-only tenancy break clauses in place allowing a month's notice any time after the first six months. This should apply during the overall covenant period as a minimum.
- 4.20. No-one should be excluded on the basis of being in receipt of state benefits; and mechanisms should be in place for support to be available if a tenant falls into financial difficulties.
- 4.21. Introduction packs are expected to be provided for all new tenants.
- 4.22. A covenant period of at least 15 years will apply to the market homes. Longer covenants of up to 25 years or more will be sought wherever possible. The methodology for valuing the market and affordable homes will be included in the section 106 agreement to enable the level of clawback to be calculated should the covenant be broken.
- 4.23. Valuation for viability purposes should be in line with up to date nationally recognised guidance for Build to Rent.



- 4.24. On major multi-tenure developments or as part of larger development areas, viability should form part of the wider viability assessment covering the whole development area. As part of this, subject to viability, 40% of the homes across the whole development, will be expected to be provided as affordable housing (and/or – in exceptional circumstances – as any agreed commuted sum); with the Affordable Private Rent or other Build to Rent affordable housing contribution contributing towards the 40%. Any potential trade-off between complying with this policy, national and local planning policies, and any area specific planning requirements, and keeping rents, including service charges, at reasonable levels which are affordable to households on a range of incomes, will need to be negotiated with the council, providing clear evidence of why those requirements cannot be met.
- 4.25. The councils have developed a model section 106 agreement for Build to Rent schemes which will be expected to be used as a basis for any new schemes coming forward.

## 5. Justification for policy

### Strategic context

- 5.1. This policy is set within the Greater Cambridge Housing Strategy's long-term vision and objectives, which in turn reflect the broader priorities of the two councils. In particular it will help to: promote health and well-being; support the local economy; reduce carbon emissions; and promote environmental sustainability and biodiversity, through:
- a) The creation of mixed, balanced, inclusive and sustainable communities.
  - b) A mix of homes to meet a range of needs, including an appropriate mix of affordable housing.
  - c) High quality homes, built to high sustainability standards, with built-in resilience to climate change and fuel poverty, which can help with the councils' aspirations to achieve zero carbon status by 2030 in Cambridge City and 2050 in South Cambridgeshire.
  - d) Improving biodiversity and providing access to high quality public spaces and to the natural environment.
  - e) Creating links between housing and local employment, helping to reduce reliance on private car journeys and promoting active travel, including through walking and cycling.



### The potential pros and cons of Build to Rent schemes

5.2. The councils recognise that there may be benefits which well-designed and well-managed schemes can bring, including:

- a) Helping accelerate delivery on new sites, with Build to Rent not being subject to the same absorption constraints as housing for market sale.
- b) Helping to support the economy. For example, it is estimated in a report from the [British Property Foundation \(Unlocking the potential of Build to Rent, 2017\)](#) that for every 500 Build to Rent units approximately 15 jobs are created (including concierge, estate management, building management, cleaners, maintenance and gardeners).
- c) Providing more consistent quality of management than is available across the private rented sector as a whole.
- d) Offering greater tenure certainty than is generally available in the private rented sector.
- e) Enabling people to live in the area who may be unable to purchase locally on the open market, or for whom renting is the preferred option.
- f) Providing more choice for house-sharers who seek alternative, high quality rented housing, which in turn may help to free up homes which could otherwise be made available to families.
- g) Providing the opportunity to deliver an element of affordable housing for rent at below market rents for people who would be unable to afford to buy or rent on the open market.
- h) Opportunities to accelerate occupation on larger sites. Also, to start building communities within schemes, which can in turn contribute to shaping the wider community once further homes are built, subject to appropriate community infrastructure and a good internal customer-focused service being in place.
- i) Providing opportunities also to contribute to the sharing economy and reduce carbon emissions through transport and environment options which promote active travel (including walking and cycling).

5.3. However, the councils are also mindful that Build to Rent has the potential to present some challenges, particularly in relation to provision of affordable housing to meet local needs, place-shaping, and ensuring the provision of



mixed, balanced and sustainable communities. With Build to Rent being relatively new in the UK, there is limited understanding of its community and place-shaping impacts. Therefore, it is important that any potential risks are mitigated from the outset.

### 5.4. These may include:

- a) A reduction in the overall amount of affordable housing that can be provided through section 106 agreements, or a mix of affordable housing that fails to adequately meet local housing need.
- b) A sharp increase in new residents over a short period of time. For example, at an early stage of a larger development where minimal infrastructure is in place, or where schemes are brought forward in areas which already have an established population.
- c) Large concentrations of rental accommodation, of similar size and type of property aimed at specific target groups, may make it difficult to create balanced and mixed communities.
- d) Higher turn-over of residents than in most other tenures, again in the context of large, high-density schemes, may limit residents' long-term commitment to or integration with the wider community.
- e) The success of schemes being dependent on the quality and control of the management company, with potential negative impacts on the wider community if management standards were to slip in the future; for example, in relation to community safety and anti-social behaviour if management standards are not sufficiently high.
- f) The tension between providing high quality homes and management services and keeping rents, including Affordable Private Rents, at affordable levels.
- g) A tendency for most Build to Rent schemes to offer a lower proportion of affordable housing than in other types of development, and potentially less control for councils as to who is eligible for the affordable homes compared with schemes providing an element of social/affordable rent housing. This is of particular concern for Greater Cambridge where housing affordability is a significant issue for many.
- h) Impacts on the wider community that can arise from sub-letting of homes if permitted or if tenancy conditions are not enforced, including short-term



weekend/holiday lets. Again, these may include anti-social behaviour and community safety issues.

- i) Risks around what happens to a development if it is later decommissioned as a Build to Rent scheme and the homes are no longer actively managed.

5.5. This policy aims to take a balanced view; on the one hand allowing for appropriate provision of Build to Rent schemes to meet local housing need, and on the other hand trying to ensure that any potential negative impacts are minimised.

### Evidence of demand

- 5.6. There are significant housing affordability issues in Greater Cambridge. There is high demand for private rented housing locally, as evidenced by high private rents and a lack of privately rented accommodation in the more rural areas.
- 5.7. Housing market information, including data in the [Cambridge sub-region Housing Market Bulletins](#), shows there is a large private rental market in Cambridge, with a lower prevalence of private renting in the mainly rural area of South Cambridgeshire.
- 5.8. The evidence shows that median rents in South Cambridgeshire are higher than in the rest of the Cambridge sub-region, and rents in Cambridge City are considerably higher than the national and local sub-regional average.
- 5.9. With a wide range of different types of homes available, the quality of existing private rented accommodation is inevitably mixed; and although the vast majority of private rented housing locally is well managed there is a small minority which is not. The councils recognise that Build to Rent could help to widen the choice of good quality, well-managed homes available for the rental market. The councils also recognise the role Build to Rent can play in supporting the local economy, and reducing reliance on private vehicle travel through good quality public transport and active travel links through well-located Build to Rent schemes.
- 5.10. The Housing Needs of Specific Groups in Cambridgeshire and West Suffolk (GL Hearn, 2021) research identifies a potential market for Build to Rent in Greater Cambridge, highlighting that part of the unmet need for private rented sector homes could be addressed through institutional Build to Rent supply; also that Affordable Private Rent as part of these schemes can play an important role. However, it also points out that the majority of households needing private rented housing will already be in private rented



accommodation, so it is only the newly forming households and households falling into need that would require additional private rented accommodation.

- 5.11. The GL Hearn research also identifies that demand locally for Build to Rent is likely to come from affluent students, academics and young professionals.
- 5.12. The Savills and Arc4 research highlighted that investors are already showing a keen interest in bringing forward Build to Rent schemes in Greater Cambridge, which suggests a market for a good quality private rental product, including an element of Affordable Private Rent. The Arc4 research identified likely demand on at least four of the large strategic sites within Greater Cambridge: North East Cambridge, Waterbeach New Town, Northstowe, and Bourn Airfield New Village.
- 5.13. The Savills research used the Experian Mosaic profiling model as an example of identifying the sorts of households with a “high propensity” to rent across Greater Cambridge. It identified the main groups likely to make up the market, comprising mainly of younger singles or couples without children on a range of incomes, including some sharer households. However, it also recognised that there may be other groups for whom Build to Rent may help to provide a housing solution across all age groups, subject to affordability. For example, older people, in the context of an ageing population, the ability to free up existing family homes, and a growing interest for some in that group in renting privately. Families may also benefit from a good quality rental offer.
- 5.14. Whatever profiling model is used, a market report will be needed to demonstrate how a proposed scheme would meet local need and demand. The councils will consider this alongside other appropriate available evidence.
- 5.15. However, although it is recognised that there is likely to be a market for Build to Rent locally, the GL Hearn research emphasises the high level of need in Greater Cambridge for Social and Affordable Rent; and warns that Build to Rent delivery may reduce the overall supply of affordable housing.

### **Design and Distribution of Build to Rent schemes**

- 5.16. The councils recognise that the more units in a scheme the more potential there will be for investors to make a return on their investment. However, creating successful places and promoting mixed and balanced communities are high priorities for both councils, as demonstrated in the



councils' district-wide and area-specific policies, so any planning applications must evidence how the scheme will support the place-shaping agenda.

- 5.17. Any decision by the relevant council to limit the size of a Build to Rent scheme or the proportion of homes on a new development to be provided as Build to Rent would be made on a case by case basis in the context of issues such as housing need, potential community impacts, and to ensure an appropriate balance with other tenures within an overall development and the surrounding area. This will also help to maximise the overall amount of affordable housing on a site in the context of the councils' affordable housing requirements.
- 5.18. The requirement to avoid large mono-tenure clusters of Build to Rent homes conforms with the councils' requirements around providing a balanced mix of housing sizes, types and tenures, and reflects the approach being taken in the councils' Clustering and Distribution of Affordable Housing policy (Annex 3).
- 5.19. Quality of schemes and management is important to the councils and also in contributing towards the councils' environmental sustainability and place-shaping objectives. The national and local planning policies include a whole range of requirements which will also be applicable to Build to Rent schemes. Examples of such requirements may include: housing densities; policies around design quality; space and accessibility standards; recognising the wider area context; provision of local amenities; environmental requirements; sustainable transport; car and cycle parking; biodiversity and provision of green space.
- 5.20. Providing appropriate external communal space and/or in-house amenities which are available to all residents is also important; and design of communal areas needs to take into account likely frequent movement of furniture and belongings.
- 5.21. As with other forms of affordable housing, the councils will want to ensure that the Affordable Private Rent homes are constructed and managed to the same high-quality standards as the market rent homes. This includes being tenure-blind and physically indistinguishable from the market homes in terms of design, quality, size and location on the site.

### **Size of homes required**

- 5.22. The Savills research (referred to above) suggests a current potential demand mainly for 1 and 2 bed homes, but also some larger homes (such as



to cater for sharers or family households), although this could change over time.

- 5.23. Houses in Multiple Occupation (HMOs) as part of a Build to Rent scheme may be appropriate in some circumstances as part of a wider mix if they help to create a more balanced community, although this may depend on the existing provision of HMOs in the area and the extent to which other larger homes on a development might be reasonably expected to become HMOs at a later date. Any HMOs will be required to meet minimum space and accessibility standards. Sufficient private space must be incorporated into the design.

### **Provision of affordable housing (Affordable Private Rent)**

- 5.24. The Greater Cambridge area clearly faces significant housing affordability issues. The provision of Affordable Private Rent options in new developments at below market rent levels, as an affordable alternative to existing private rented housing, could help to address these issues and create a balanced community.
- 5.25. Affordable Private Rent is required within the NPPG to be provided as community benefit in perpetuity. National guidance states that 20% is generally a suitable benchmark for the level of Affordable Private Rent homes to be provided in any Build to Rent scheme. However, there is the potential for this to be varied.
- 5.26. As already highlighted, there is a risk that if Build to Rent schemes are only able to provide 20% Affordable Private Rent housing in line with national guidance this may compromise the councils' Local Plan commitments to providing 40% affordable housing. Therefore, the councils will seek a higher percentage of affordable housing wherever possible. Where Build to Rent is part of a major multi-tenure site or wider development area, subject to viability, 40% affordable housing (and/or - in exceptional circumstances – any commuted sum) will be required across the whole site/development area. As such, the Affordable Private Rent provided will be expected to contribute towards the overall requirement; with a split between Social/Affordable Rent and intermediate tenures (Affordable Private Rent being an intermediate tenure), in line with the requirements set out in the Affordable Housing Requirements Annex 2. Reasons for any deviations from this policy will need to be clearly justified.
- 5.27. Further viability testing will be carried out as part of the Local Plan process and used to consider the appropriate percentage of affordable



housing to be provided in Build to Rent Schemes and the level of discount to market rents.

- 5.28. Switching of tenure of individual units may be appropriate once an individual's tenancy comes to an end, in response to demand at the time, provided the agreed overall balance of market and Affordable Private Rent is broadly maintained across the scheme, and the Affordable Private Rent units remain appropriately distributed across the scheme.

### **Affordable Private Rent eligibility and rent setting**

- 5.29. The NPPG on Build to Rent states that eligibility for occupying the Affordable Private Rent homes should be agreed locally between the local authority and the scheme operator, with regard to criteria set out in planning guidance. Local authorities are expected to take a reasonable position in negotiating criteria and eligibility should not constitute grounds for refusing planning permission.
- 5.30. The NPPF and NPPG also require Affordable Private Rent levels to be set at least 20% below local market rents, including any service charges, for the same or equivalent property. Eligibility for Affordable Private Rent should be determined with regard to local household income levels, related to local rent levels.
- 5.31. The GL Hearn research points to national evidence around incomes of those in Build to Rent accommodation (excluding those in Affordable Private Rent) compared with tenants in the wider private rented sector. This indicates that Build to Rent households pay, on average, between 29% and 35% of their income on accommodation, compared with 29% to 32% in the wider private rented sector; demonstrating a willingness to pay slightly more for purpose-built accommodation. However, it also points to an article from JLL called "Will tenants pay more rent for amenities?" in which it is estimated that Build to Rent schemes in London are, on average, achieving a rental premium of 11% over their respective local markets.
- 5.32. The GL Hearn research also states that the minimum 20% discount may be insufficient to ensure that Affordable Private Rent is affordable to eligible households in areas where rents are particularly high.
- 5.33. There is a clear gap in provision for housing for those unable to access social or affordable rent housing, but who would also find it difficult to afford the existing private rental market; so Affordable Private Rent must be affordable to that group. The Strategy uses the figure of 35% of net income being considered as reasonable to be spent on housing costs.



- 5.34. Therefore, the councils will expect developers to demonstrate that Affordable Private Rent homes will be affordable and available to households with a range of incomes who would struggle to rent or buy locally on the open market.
- 5.35. The councils will consider the viability for seeking more than a 20% rental discount. Some properties (such as larger ones) may require a higher percentage discount than others.
- 5.36. Discounted rents are expected to be reviewed on the same basis as rent increases for market homes. The councils may wish for some priority to be given to applicants for other reasons in addition to income levels. For example: awarding some priority to people working in the local area; to applicants on the councils' housing registers or with specific needs where appropriate; or to people already living in the area or who have local family connections.
- 5.37. They may also wish to seek a proportion of the Affordable Private Rent homes to be tethered to local employment/apprenticeship schemes where appropriate, or to meet other local needs, based on local circumstances.
- 5.38. Homelessness is a serious problem for both councils, with homelessness prevention a key priority. Ensuring that neither applicants nor existing tenants are excluded from being eligible or from remaining a tenant on the basis that they are in receipt of state benefits, and that support is available for tenants who fall into financial difficulties, will go some way to help prevent homelessness amongst applicants and residents.
- 5.39. The councils will work with developers on a bespoke agreement covering issues such as eligibility, setting and reviewing of rents, and how the Affordable Private Rent homes are to be marketed, having regard to national planning guidance.

### **Tenancies (market and affordable homes)**

- 5.40. Tenancies in the private rented sector tend to be for 6-months, although many will be renewed after that period. Evidence suggests that although some residents may only want short tenancies, there may also be demand for longer ones. [The English Housing Survey 2020-21](#) reported that nationally, private renters had lived in their current accommodation for an average of 4.2 years. 23% had spent 5-10 years, and 34% had spent more than 10 years in the private rented sector.



- 5.41. Subject to any future legislative changes, minimum 3-year tenancies should be available for all new tenants who want one. Tenancies should provide certainty for the tenant, including tenant-only break clauses and the opportunity to renew the tenancy at the end of the tenancy period.

### **Scheme management**

- 5.42. Quality of management by a single management company or operator is key to minimising any community risks that might arise from Build to Rent schemes, and ensuring that schemes are well-integrated into the community.
- 5.43. An appropriate level of daily management, including an on-site presence should help ensure prompt resolution of any issues or complaints that may arise. It should also help support community development work across the wider area, to help promote cross-tenure community cohesion and interaction.
- 5.44. Providers will also be expected to demonstrate how they will prevent or at least mitigate any risks surrounding short-term sub-letting, including through enforcement of tenancy conditions. The need for introduction packs for all tenants, and the process for managing and monitoring the Affordable Private Rent units will need to be covered by the section 106 agreement; with an agreed management plan in place before any of the homes are let.

### **Future decommissioning of schemes**

- 5.45. The council recognises that Build to Rent investors will most likely want to retain schemes for the long term in order to get a good long-term return on their investment. However, there always remains the risk of schemes being decommissioned as rental schemes – for example if demand reduces or if an investor decides to pull out of the market.
- 5.46. Our research has identified that planning consents typically include a covenant period in the section 106 which may be as short as 7 years, is typically 10-15 years, but may be longer. The covenant provides a legal agreement that the homes will remain as Build to Rent during the covenant period, with compensation payable to the council should the market homes be disposed of or converted to another tenure during that period.
- 5.47. Policy requirements around covenant periods and the need for an exit plan reflect the high priority that both councils give to the issue of community sustainability and place-shaping. The councils will seek to achieve covenants of longer than 15 years wherever possible, and where appropriate to address



potential long-term implications; such as where a scheme is coming forward in the earlier stages of a much wider multi-tenure development which may take a number of years to build out.

- 5.48. One-for-one swaps of units between market and affordable homes would be acceptable, provided the Affordable Private Rent units remain appropriately distributed across the scheme and are replaced within a reasonable period of time.

### **Decommissioning of Affordable Private Rent**

- 5.49. The councils recognise the necessity of Affordable Private Rent homes being provided as a long-term community benefit in perpetuity. The policy aims to ensure that appropriate clawback arrangements are in place should some or all of the dwellings cease to be provided as Affordable Private Rent; with the clawback to be reinvested in further provision of affordable housing in the area.

### **Monitoring of Affordable Private Rent**

- 5.50. The councils will want to monitor the arrangements put in place for the Affordable Private Rent homes. This is likely to cover issues such as: how lettings have met eligibility requirements; rent levels and affordability; occupancy levels; location of the homes across the development; marketing arrangements; equalities monitoring; management arrangements; and how the scheme is meeting the overall affordable housing level required in the planning permission. National guidance suggests this should be required by the section 106 agreement in the form of an annual statement to authorities.
- 5.51. A monitoring fee will be agreed as part of the section 106 agreement to ensure the council has the resources to enable sufficient monitoring and review of the scheme.

### **Viability**

- 5.52. Valuation guidance for Build to Rent is set out by RICS in [Valuing residential property purpose built for renting](#) (or subsequent amendment).
- 5.53. It is recognised that the viability challenges for Build to Rent schemes may be different compared with bringing forward homes for market sale. However, it is also important that the councils meet the objectives laid down in this policy. Therefore, any potential trade-offs between different elements of this policy on viability grounds will require clear evidence of why the full requirements cannot be met.



5.54. The requirement for Build to Rent viability assessments on larger sites to form part of the wider multi-tenure site or area assessment stems from the councils' commitments to achieving 40% affordable housing wherever possible on new developments, together with the necessary infrastructure required to support successful communities.

### **Equalities**

5.55. This policy helps to ensure that as wide a range of people as possible are able to benefit from Build to Rent housing, including affordable housing provision for those unable to afford to rent or buy on the open market.

5.56. It also promotes community integration between market and affordable homes, and aims to help minimise travel costs by considering local workers as potentially being given some priority for Affordable Private Rent homes.

5.57. It recognises the potential demand for rented housing for older people, and requires Local Plan accessible and adaptable homes standards to be met to support older and disabled people.

**Updated: January 2024**