

## **Planning and Affordable Housing for Build to Rent Consultation Response**

I am submitting this as the official response of The Housing Forum

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The Housing Forum is a cross housing industry private / public membership body for the housing construction sector with geographic coverage throughout the UK.

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### **Response**

The Housing Forum welcomes the clear commitment of government to increase supply and the strong encouragement of mixed tenure solutions. The Housing Forum as across industry body is very interested in the next stage of practical steps that can build on the consultation document and identify achievable and workable solutions which will enable the government and industry working collaboratively to implement the necessary changes and identify the additional resources needed to deliver. We believe Government leadership is crucial to support the industry in overcoming the complexities which disincentivise housing growth. This high level of political commitment has to be sustained long term across several political cycles. Policy certainty is essential for long-term business planning and frequent policy changes, such as changes to Right to Buy, have longer term effects on and undermine viability and business plans.

Build to Rent can contribute to increasing diversity in new housing supply as part of wider provision for affordable housing which includes rent and sale elements. Clarity is needed on the operation and definition of affordable housing. Planning requirements should take account of affordability in each area.

### **Responses to selected questions**

The Housing Forum has only responded to the following questions and has no comment on the consultation questions not answered.

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Q 5: Do you consider there are market and regulatory failures impeding the rapid development of the Build to Rent market that merit national policy intervention? Please add comments.

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**YES** Government intervention is welcome, otherwise Build for Rent will not come forward quickly.

The product needs to be defined as an asset class.

Build to Rent is very dependent on location and determined by investor economics. Competition for land is a fundamental problem limiting entry to the market.

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Q 6: Do you agree with the proposal to refer explicitly to Build to Rent in the National Planning Policy Framework?

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**YES** The Build to Rent model has an important contribution to make to place making due to the providers' long term role in stewardship. This sector is maturing as prospective tenants are now beginning to understand the product which is designed to work well for sharers and be let at levels that are attainable. A critical factor is access to land which is often sought in competition with housebuilders, the Build to Rent sector needs certainty around potential planning requirements when bidding for land. There is a significant level of interest in the sector from investors but a pipeline of developments is required to facilitate investment at scale.

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Q 9: Do you consider that Affordable Private Rent could play a useful role in the delivery of affordable housing in the area(s) where you live or operate?

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**YES** If the objective is to diversify supply then mandatory quotas could affect viability and be a disincentive.

Overall, it is needed to provide a variety of housing opportunities and also investment opportunities for large scale investors. Well designed, quality accommodation is needed.

Exclusive Build to Rent quotas will prevent provision to meet local need for affordable rent in many areas.

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Q 11: Do you consider that there could be unintended consequences of Affordable Private Rent if it is accepted as a form of affordable housing?

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**YES** if Affordable Private Rent were substituted for affordable housing. A nominations process which follows the approach of shared ownership should make sure resources meet target groups.

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Q 13: Do you think it is reasonable for Planning Authorities to specify minimum tenancy lengths in Build to rent schemes? Please add your reasons, and give examples of such agreements where appropriate.

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**YES** We are in favour of minimum and longer tenancies as supported by GLA because this will provide security for investors. Tenancy conditions should include provision for rent increases and security of tenure.

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Q 14: Do you agree that Build to Rent tenancies should be for at least three years (with a one month break option for the tenant after the first six months), for all customers in the development who want one?

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**YES** 3 years is considered to be reasonable as a starting point.

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Q 15: Does the definition of Build to rent set out on page 20 capture all of the appropriate elements? (If not, please state why, and what criteria should apply).

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**NO** The definition of affordable housing needs to be much clearer in terms of its application, particularly whether it applies to intermediate rent and how it is calculated in s106 agreements. Local economic circumstances and the level of income should be a consideration when approving levels of affordable rented housing. Policy certainty is essential for long-term business planning and policy changes, such as Right to Buy and Rent Cuts, affect income and undermine viability. The Government must make clear that Right to Buy will not apply to such new Build to rent affordable housing.

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Q 19: Should the parameters for Affordable Private Rent appear on the face of the National Planning Policy Framework or within Planning Practice Guidance?

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**YES** Nominations criteria should include targeting special needs.

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Q 21: The Government considers there is no need for a fixed minimum covenant period, so long as appropriate claw-back arrangements are provided for. Do you agree?

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**NO** We believe that the Government does need to consider a minimum covenant period of 15 years for London; institutional investors may expect a longer period. In perpetuity claw-back arrangements are likely to inhibit investors. The market is not mature enough to accurately predict disposal valuations.

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Q 23: Should the Government's Build to Rent and Affordable Private Rent policy be identical across the whole of England or does it need to be set differently between London and the rest of England? If it should be set differently, please use the comments box to tell us how and why the policy should vary in London from the rest of England?

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**NO** Identifying London as different is justified as renting there is likely to be for a longer term than elsewhere. Appropriate accommodation standards need to be considered as accommodation will have to cover the needs of families as well as singles and couples. The rest of England is not uniform and recognition needs to be given to regional economies and "hot spots" e.g. Cambridge, parts of Manchester, Birmingham, and Bristol etc.

Build to Rent completed early in a construction scheme will improve viability and allow housing to be built at a greater pace and absorption rate.

Build to Rent can stimulate the off-site sector; this now has to be supported by planning. A larger pipe line that will sustain building over longer periods is needed if off site is to become the solution to skill shortages, speed of construction and increased delivery.