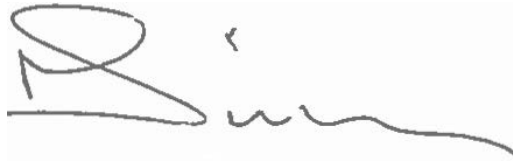


**TO: THE MONITORING OFFICER
(TOM CLARK, SOLICITOR TO THE COUNCIL)**

**RECORD OF ACTION TAKEN BY A CABINET MEMBER
UNDER DELEGATED POWERS**

Subject: Shirley Cottage, 17 Copthorne Road, Felbridge, East Grinstead, RH19 2NR	
Cabinet Member: Robert Salisbury, Cabinet Member for Housing and Planning	
Has the Cabinet Member received a report prior to making the decision?	Yes
In the case of a key decision where the Cabinet Member has received a report, please state the date a copy of the report was made available to the Chair of the relevant Scrutiny Committee and placed in the public domain:	N/A
Record of decision taken: The Cabinet Member approved the decision.	
Date of decision: 28 July 2021	
Statement of reasons for making the decision: The developer has been unable to secure a registered provider for the 8 affordable units as 6 for affordable rent and 2 for shared ownership. For this reason, it is recommended that an alternative affordable housing tenure be approved for this site. This will provide a new form of affordable housing through the Rentplus (Rent to Buy) model in Mid Sussex	
Alternative options considered and rejected: The developer could continue to seek a registered provider for the mix of rented and shared ownership but as they are already on site further delay presents a risk to the affordable housing delivery	
Code of Conduct Interest of Cabinet Members? If yes, please advise on the nature and whether dispensation in place	
Is the decision to be protected from call-in? (<i>i.e</i> if any delay would seriously prejudice the Council's or the public's interest) - see Scrutiny Procedure Rule 14 (M)	N/A
If so, please state:	



Signed:.....
Cabinet Member

This record must be forwarded immediately to the Monitoring Officer (TC) and copied to the relevant Cabinet Member.

For Monitoring Officer

Date of publication of Member Information Service Bulletin	28/7/21
Date of decision can be implemented (on the Thursday after publication of the Member Information Service Bulletin, unless already protected from call-in)	5/8/21

Shirley Cottage, 17 Copthorne Road, Felbridge, East Grinstead, RH19 2NR

Proposal for a Rentplus (Rent to Buy) Pilot scheme

REPORT OF: Assistant Chief Executive
Contact Officer: Emma Shuttleworth, BUL for Housing
emma.shuttleworth@midsussex.gov.uk Tel: 01444 477431
Wards Affected:
Key Decision: No
Report to: Cabinet Member for Housing and Planning

Purpose of Report

1. The purpose of the report is to seek Cabinet Member for Housing and Planning approval to change the affordable housing units at Shirley Cottage, 17 Copthorne Road, Felbridge, East Grinstead from a mix of rent and shared ownership to rent to buy.

Summary

2. The scheme is located on Copthorne Road Felbridge, just south of the Tandridge / Mid Sussex border and comprises a development of 26 dwellings including 8 affordable housing units. The developer has started on site. The mix initially proposed was 6 x 2 bed houses for rent and 2 x 3 bed houses for shared ownership, but the developer Abbey New Homes has been unable to find a Registered Provider (Housing Association) prepared to take on the units due to their small number. To date 12 Registered Providers, with whom we work to deliver affordable housing on section 106 sites, have turned down the opportunity to take on the affordable units on this site.
3. An organisation called Rentplus which provides a "Rent to Buy" model has expressed an interest in taking on the 8 units. In view of the difficulty securing a conventional provider for the units it is recommended that this site provides a small "Rent to Buy" project through Rentplus.

Recommendation

4. It is recommended that the Cabinet Member for Housing and Planning approve the 8 affordable housing units on the Shirley Cottage, 17 Copthorne Road, Felbridge, East Grinstead site to be a "Rent to Buy" project through Rentplus.

The operation of the scheme

5. Rentplus offer aspirational homeowners an opportunity to purchase their own home through a combination of affordable rents and a ten per cent gifted deposit. Funded by institutional investors or pension funds seeking ethical investment, Rentplus properties are let on 20-year full repairing leases to responsible housing association who manage and act as Landlord. The aim is that the aspiring homeowners save during their period of renting towards the purchase of the property and that such savings plus their 10% gifted deposit make the purchase affordable.
6. At the outset, Rentplus, in combination with the housing association and local authority, allocate prospective tenants into 4 groups which accord with 5, 10, 15 or 20-year purchase plans. The timescales for purchase are set in accordance with the households' financial circumstances. After the tenancy period of 5, 10, 15 or 20 years, the occupiers are invited to purchase their property. The model requires a specific number of properties to be sold at these intervals. Whilst there is no obligation to purchase, those who choose to buy receive a gifted deposit of 10% of their property's market value at the point of purchase.

7. To enable the relevant purchases, Rentplus tenants have five-year renewable tenancy agreements, let at an affordable rent set at a maximum of 80 per cent of market rent, including any service charge or ground rent, or as in this instance set at the Local Housing Allowance if lower.
8. The Rentplus model requires that all homes are sold after 20 years. If they are not purchased by the occupier, a substituted tenant, the housing association or local authority, the houses are sold on the open market, with 7.5% of the price, being paid to the local authority as a contribution towards the delivery of future affordable housing. Rentplus also aim to replace properties as they are sold in order to maintain the number of affordable rent to buy homes in the local authority area.
9. The model is predicated on all units in the scheme being sold at specific trigger points in a scheme after 5,10,15 and 20 years. The tenants on the scheme can purchase earlier than their trigger point if other tenants, who are designated to purchase at that milestone, are not able or wishing to purchase at that point. If there is no substitute tenant willing and able to purchase, tenants who are not in a financial position to buy at their designated trigger points or who do not wish to do so will be given notice by Rentplus and will have to obtain an alternative home to rent in the social or private sector. At this point their unit will be sold on the open market.

National Planning Policy Framework (NPPF) Compliance

10. The Rentplus product is a hybrid product which spans the definitions of “Affordable Housing for Rent” and “Other affordable routes to home ownership” in accordance with the February 2019 NPPF. At a recent planning appeal the inspector confirmed that Rent to Buy housing is included in 2019’s NPPF definitions of affordable housing. The recent changes in the 2021 updated NPPF do not impact on affordable housing definitions.
11. Rentplus is not eligible for grant subsidy from Homes England. However, it does benefit from the nil land cost as prescribed in the Council’s affordable housing Supplementary Planning Document (SPD) when negotiating a price to purchase the affordable housing units with the developer.

The benefits of the scheme

12. The scheme has several benefits:
 - (i) Properties are let at 80% of OMV (Open Market Value) or LHA (Local Housing Allowance) whichever is the lower;
 - (ii) Tenants have a 5 year fixed term tenancy agreement which may be renewed up to the point of purchase;
 - (iii) Homes can be prioritised for those with a local connection;
 - (iv) Properties can be let to existing social tenants freeing up properties for those in a greater need;
 - (v) Tenants are gifted a 10% cash deposit towards a mortgage;
 - (vi) Longer tenancies allow tenants time to save money, improve earning potential and build creditworthiness.
 - (vii) Tenants have no repairing obligations;
 - (viii) The scheme provides another lower cost home purchase option;

- (ix) Tenants have no additional moving costs because they purchase their own home;
- (x) Support and guidance are provided to maximise income and savings and help them move into home ownership;
- (xi) Tenants can settle in their chosen community.

The risks of the scheme

13. There are also some risks:

- (i) The scheme does not provide affordable housing in perpetuity;
- (ii) The units may be lost to the open market if the tenants are either not in a position to purchase or do not wish to;
- (iii) Households must have a regular income and not be reliant on benefits;
- (iv) 25% of the properties are sold every 5 years;
- (v) After 20 years none of the units would remain as rented;
- (vi) If tenants are not able to buy / do not wish to buy they may be given notice by Rentplus at the 5,10,15 or 20-year trigger points and if they are unable to obtain alternative housing to meet their needs they could apply to this Council for assistance under the homeless legislation.

Rent levels and local connection criteria for the Copthorne Road scheme

14. Rentplus has agreed that rents for the Mid Sussex scheme would be set at the lower LHA for the relevant sized unit or 80% of the OMV. They have also agreed that priority will be given firstly to existing social housing tenants living in the Mid Sussex district in order to free up social housing, secondly to applicants currently on the Council's Housing Register and thirdly to those with a local connection to the Mid Sussex district. Finally, they have also agreed that the Council would be able to approve the proposed applicants.

Planning considerations

15. The S106 for this scheme provides for 8 affordable units, 6 for rent and 2 for shared ownership. Subject to Cabinet Member agreement, this proposed tenure change will require a minor Deed of Variation to the existing S106 to change the tenure of the affordable housing. The Variation would protect the interests of the Council including nomination rights, rent levels and capital return to the Council if the properties are sold on the open market in future.