

Reference:	23/02046/DOV	
Application Type:	Deed of Variation	
Ward:	Shoeburyness	
Proposal:	Modification of planning obligation (Section 106 agreement) dated 01.09.2023 pursuant to application 23/00030/FULM to vary the wording of the S106 to allow the tenure of all 21 affordable homes to be Intermediate tenure	
Address:	Cantel Medical Ltd, Campfield Road, Shoeburyness, Essex, SS3 9BX	
Applicant:	Mr Rob Piggott of Taylor Wimpey UK Limited	
Agent:	N/A	
Consultation Expiry:	08.02.2024	
Expiry Date:	27.06.2024	
Case Officer:	Abbie Greenwood	
Plan Nos:	D-113 Rev A	
Additional information:	<p>Cover Letter from Taylor Wimpey dated 18.12.23</p> <p>Emails dated 13.11.23 and 12.6.24 from Rentplus responding to Council Questions about Rentplus product</p> <p>Email dated 21.11.23 from Taylor Wimpey with details CHP offer conditions</p> <p>Email dated 22.11.23 from Taylor Wimpey regarding ASHP unsuitability</p> <p>Rentplus Affordable Housing Model Opinion by Rupert Warren QC dated 15.09.20</p> <p>Rentplus FAQs</p> <p>Rentplus Homes Allocation Policy</p>	
Recommendation:	<p>DELEGATE to the Executive Director for Environment and Place, the Director of Planning and Economy or the Service Manager – Development Control to AGREE A MODIFICATION OF THE PLANNING OBLIGATION dated 1st September 2023 pursuant to planning permission reference 23/00030/FULM and enter into a Planning Obligation by Deed of variation to allow the modifications as set out in the recommendation section of the report.</p>	



1 Site and Surroundings

- 1.1 The site is on the southern side of Campfield Road, east of the junction with New Barge Pier Road, north of Chapel Road and west of Horseshoe Crescent. It was most recently occupied by a commercial use including part warehousing and part offices. This use has since relocated and the buildings are being demolished. Preliminary site clearance works have been undertaken in accordance with the agreed details and archaeological investigations are also underway. Various trees on and around the site are covered by Tree Preservation Orders.
- 1.2 To the south side, directly west of the site and along Westgate to the southwest are 2 storeys detached and terraced houses. Opposite the site in Campfield Road are industrial warehouses.
- 1.3 The Shoebury Garrison Conservation Area is directly to the east and south of the site. There are many listed buildings within the Conservation Area. The nearest listed buildings to the application site include the Grade II listed Barrack Blocks Horseshoe Crescent and the Grade II listed Garrison Church of St Peter and St Paul which can be seen across the site from Campfield Road. The Conservation Area also includes some modern infill development in the vicinity of the application site to the rear of properties in Horseshoe Crescent and opposite the church. There are also some locally listed buildings nearby to the northwest, including Ash Court and Beech Lodge. The 'Danish Camp' prehistoric settlement Scheduled Monument is some 200m to the south-east of the site.
- 1.4 The site is within walking distance of West Road shopping centre and other local amenities and has good access to public transport including bus and rail routes. The site is partly within Flood Zone 3 and partly within Flood Zone 2. The estuary and land adjacent to the foreshore some 800m to the south is covered by a number of European, national and local nature designations.

2 The Proposal

- 2.1 As resolved by Development Control Committee at its meeting on 5th July 2023, planning permission was granted on 4th September 2023 (ref. 23/00030/FULM) to '*Demolish existing buildings, erect development of 58 dwellinghouses and a three-storey building comprising 12 new self-contained flats with associated parking, amenity space, landscaping, bin and cycle storage.*'
- 2.2 The development has commenced on site through the demolition of the existing buildings and preliminary works, but construction works have not yet begun. The trees which have consent to be removed and replaced within the scheme have also been cleared.
- 2.3 The 2023 permission was subject to a S106 agreement dated 1st September 2023 which secures the following contributions:

Table 1: Previously agreed contributions (planning obligations)

	Proposed Head of Term	Details
1	On Site Affordable Housing	Affordable Rent: 4 x 1 bed apartments 8 x 2 bed apartments 4 x 3 bed houses Shared Ownership: 2 x 2 bed houses 3 x 3 bed houses

		As shown on drawing D-101 rev D
2	Education	Secondary education contribution of £220,597.43
3	Highways	£4,000 - Traffic Regulation Order - for traffic control within site. £8,000 - contribution towards the upgrading of Ness Road / Campfield Road junction (other sites in the area are also contributing via their S106s) £18,000 - Contribution to the maintenance of block paving on the adopted road within the site over the next 20 years Total = £30,000
4	RAMS Ecology mitigation	£156.76 per unit (70) = £10,973.20
5	Travel Information Packs	Details to be agreed with LPA prior to commencement and provided for each unit on occupation
8	S106 Monitoring Fee	£10,000

2.4 The current proposal is only seeking to vary the terms of the Affordable Housing contribution of this agreement. The total number of on-site affordable housing units will remain unchanged at 21 but the type (tenure) of affordable housing unit will be changed. The existing arrangement requires 16 affordable rented units (4 x 1 bed flats, 8 x 2 bed flats and 4 x 3 bed houses) and 5 shared ownership units (2 x 2 bed houses and 3 x 3 bed houses) to be provided on site. It is proposed to amend this to 21 x affordable intermediate tenure units including the 5 shared ownership units previously agreed within the initial S106 which already fall within the definition of *Intermediate* tenure housing. The dwelling mix and location of the units overall remains unchanged from the original approval and is shown on plan reference D-113 Rev A. (This plan is an updated version of the original S106 plan which does not show tenure just the 21 units proposed as affordable housing within the scheme.) This variation to Intermediate tenure for all the affordable housing units will enable the developer to enter into a contract with Rentplus for all 21 units who only offer an affordable intermediate tenure product. Rentplus is a private company operating in the affordable homes sector. Their Rentplus product is described on their website as an affordable rent-to-buy model and is explained in detail below. The reasons for this change are set out in this report's Appraisal section below.

2.5 Affordable rented units are defined in the existing S106 agreement as '*housing that is let by local authorities or Registered Providers to eligible households and which is subject to rent controls that require a rent of no more than 80% of the local market rent capped at local housing allowance levels (including service charges).*'

2.6 Affordable intermediate units are defined in the deed of variation now proposed as '*homes for sale or rent provided at a cost above Social Rent, but below market levels subject to the criteria in the Affordable Housing definition and is NPPF compliant (and/or successor policy document). Affordable Intermediate Housing can include Shared Equity (Shared Ownership Dwellings and equity loans), Affordable Rentplus Dwellings and other low-cost homes for sale and intermediate rent or such alternative tenures to be approved in writing by the Council in line with changes to government policy in respect of Affordable Housing but does not include Affordable Rent.*'

3 Relevant Planning History

3.1 The most relevant planning history for the determination of this application is shown on Table 2 below:

Table 2: Relevant Planning History of the Application Site

Reference	Description	Outcome
23/01885/AD	Application for approval of details pursuant to condition 03 (details of materials) of planning permission 23/00030/FULM dated 04/09/2023	Pending Consideration
23/01884/AD	Application for approval of details pursuant to condition 07 (details of external lighting) of planning permission 23/00030/FULM dated 04/09/2023.	Details Approved
23/01844/AD	Application for approval of details pursuant to condition 04 (full detailed design drawings and cross sections) of planning permission 23/00030/FULM dated 04/09/23	Pending Consideration
23/01843/AD	Application for approval of details pursuant to condition 12 (details of levels, retaining walls and tree protection measures) of planning permission 23/00030/FULM dated 04/09/23	Details Approved
23/01842/AD	Application for approval of details pursuant to condition 23 (flood resistance and resilience measures) of planning permission 23/00030/FULM dated 04/09/23	Details Approved
23/01647/AD	Application for approval of details pursuant to conditions 22 (Flood Risk Assessment) and 24 (Detailed Drainage Strategy) of planning permission 23/00030/FULM dated 04.09.2023	Details Approved
23/01548/AD	Application for approval of details pursuant to conditions 08 (landscape and ecological management plan) and 10 (bat emergence/re-entry surveys) of planning permission 23/00030/FULM dated 04.09.2023	Details Approved
23/01510/AD	Application for approval of details pursuant to condition 25 (scheme of archaeological investigation) of planning permission 23/00030/FULM dated 04.09.2023	Details Approved
23/01509/AD	Application for approval of details pursuant to condition 27 (construction/demolition method statement and management plan) of planning permission 23/00030/FULM dated 04.09.2023	Details Approved
23/00030/FULM	Demolish existing buildings, erect development of 58 dwellinghouses and a three-storey building comprising 12 new self-contained flats with associated parking, amenity space, landscaping, bin and cycle storage	Granted

4 Representation Summary

Public Consultation

4.1 A site notice was displayed. Six (6) representations with objections were received and their contents are summarised as follows:

- The approved affordable housing commitments should be retained.
- Developers' greed.
- If no providers want to take the affordable housing, then the apartment block should not

be built, and the trees should be retained. The affordable housing could be built elsewhere in the city with specifications which would be more acceptable to providers.

- The proposed affordable housing units are too small, and gas powered and therefore poor quality.
- The biodiversity of the site is important and should not be ignored.
- The Council must comply with the England Trees Action Plan.
- The amended proposal must allow families on the lower income thresholds access to the 'intermediate' dwellings.
- This issue should have been raised in the initial application. This application should not have been approved as it does not align with climate objectives.
- The definition of commuted sum is unclear.
- It is unclear what would happen if this change were declined.
- If this scheme is not built, then the trees will have been felled for no reason.
- Concern with the general level of housing proposed in this area and the impact on local services and the environment and flooding.
- There is less demand for housing in this area and the open land should be retained.
- Concern over development on flood plains.

Officer Comment: These concerns are noted and those that represent material planning considerations have been taken into account in the assessment of the application. However, they are not found to represent a reasonable basis to refuse this deed of variation in the circumstances of this case. The current application is only seeking to amend the terms of the previously agreed affordable housing provision at the site within the S106 agreement. Those comments which relate to other topics, including loss of trees and associated mitigation, the England Trees Action Plan, impact on local services and flood risk therefore fall outside the scope of this application.

Housing

- 4.2 The applicant has experienced difficulties in securing a Register Provider (RP) for the Affordable Housing element of this scheme, the lack of interest has been evidenced to the Council. One RP submitted an offer which was contingent on the inclusion of Air Source Heat Pumps (ASHP) as the RP has a requirement for low carbon heating. The developer has no requirement to provide ASHPs under their permission, and furthermore they have advised that there is not sufficient power capacity on the site for ASHP or for electric heating.

The applicant has proposed providing Affordable Housing element via Rentplus. The Strategic Housing Team recognises Rentplus as an intermediate housing product and therefore supports variation to the S106 agreement to amend the affordable housing provision to 100% intermediate.

The Rentplus model, whilst working towards affordable home ownership, offers affordable rents to their occupiers prior to acquiring their homes (if they choose to) as part of their model. Therefore, amending the affordable rented element of the affordable housing to intermediate (Rentplus) is deemed preferable to securing a financial contribution for these units. The associated financial contribution (if sought) would not be able to provide comparable numbers of affordable rented housing when compared against Rentplus provision on-site.

5 Procedural matters

- 5.1 This application is presented to the Development Control Committee because it has been called in by Cllr Berry and Cllr Cowdrey.

6 Planning Policy Summary

- 6.1 The National Planning Policy Framework (NPPF) (2023)
- 6.2 Planning Practice Guidance (PPG) (2024)
- 6.3 Core Strategy (2007): Policy CP8 (Dwelling Provision).
- 6.4 Development Management Document (2105) Policy DM7 (Dwelling Mix, Size and Type)
- 6.5 Southend-on-Sea Planning Obligations: A Guide to Section 106 and Developer Contributions (2015)
- 6.6 Southend-on-Sea Interim Affordable Housing Policy (2016)

7 Material Considerations

- 7.1 Section 106A of the TCPA allows for an application to be made to a local authority to consider a proposed modification or discharge of a planning obligation.
- 7.2 Planning obligations can be renegotiated at any point, where the Local Planning Authority and developer wish to do so. A planning obligation is enforceable as a contract and whether it is varied or not is at the Local Authority's discretion. Where there is no agreement to voluntarily renegotiate, and the planning obligation is over 5 years old, an application may be made to the Local Planning Authority to change the obligation where it 'no longer serves a useful purpose' or 'if the obligation continues to serve a useful purpose, but would serve that purpose equally well if it had effect subject to the modifications' (ref Section 106A of the TCPA).
- 7.3 The key material planning consideration in respect of this application is whether the proposed modification to the S106 from a mix of affordable rent and shared ownership housing to 100% affordable intermediate tenure housing is acceptable.

8 Appraisal

Background to the Application

- 8.1 Application reference 23/00030/FULM for the construction of 70 new dwellings was approved in 2023 subject to the policy compliant provision of 21 affordable housing units comprising 16 affordable rented units and 5 shared ownership units in line with the mix set out in Development Management Plan Policy DM7. The proposed affordable units comprise a block of 12 flats and 9 houses. Since the grant of planning permission in September 2023 the applicant has been seeking to partner with a registered affordable housing provider to deliver these units in line with the terms set out in the S106 agreement, however, they have reported that there has been no interest from local providers in taking on these units in their current form. The following information has been provided by the applicant about that process:

'Following receipt of planning permission, Taylor Wimpey engaged with a number of parties in the form of an informal tender, as is standard practice, with the aim of securing a buyer of the Affordable units. During this process, it became clear that there was a significant lack of interest from the market. General interest from the RP [registered provider] sector has decreased generally in recent months, however this was particularly pronounced in relation to Campfield Road. Various operators across the Public Housing sector were approached with a wide range of reasons given for declining the opportunity. Below is a summary of the feedback we received from parties approached.' [Copies of the written responses from the RPs have been provided.]

- 8.2 The table below summarises the responses received:

Table 3: Responses received from registered providers

Party Approached	Response
CHP	Declined – will not pursue Gas powered schemes
Clarion	Declined – 21 units is too small
Eastlight	Declined – do not operate in Southend
Estuary Housing	Declined – not looking for anything in the short term
Moat	Declined – not currently pursuing any S106 AH opportunities
Pellings (agent)	Declined – could not find any interested parties
Sage Housing	Declined – 21 units is too small
Sanctuary Housing	Declined – no specific reason given
Southend Council	Declined – didn't align with SCC 'climate objectives'
Rentplus	Offer provided – DoV to S106 required

8.3 Most of the local RPs considered the site too small to be viable or were not in a position to make an offer. CHP and the Council would only consider schemes which use environmentally friendly alternatives to gas central heating such as air source heat pumps. Officers enquired about the feasibility of using air source heat pumps in this scheme but were told by the agent that they were unfeasible for the following reasons:

'The scheme at Campfield Road will be delivered within a timely manner and under building regulations which permit a gas-powered strategy. The approved development proposals for the site are based upon this strategy and there are a variety of reasons why this has been pursued through the design process.

- *Gas heating is a compliant approach under current building regulations.*
- *The site has a LV [low voltage] power connection confirmed as opposed to an HV [high voltage] connection which would be required for the extra power load if ASHPs were considered.*
- *There is no substation to be provided on the site, which would be required for the extra power required by AHSP.*
- *The flat block with the bulk of the Affordable units in cannot support ASHP as there is no plant room to provide hot water storage tanks.*
- *ASHPs are not suitable on relatively tight sites such as Campfield Road as the units produce 60dB of noise whereas building regulation limits are 45dB at 3m distances from neighbour windows during the day and 30dB during the night. Almost every dwelling's pump, if hypothetically deliverable, would be within 3m of a neighbour's window and thus breach these noise limits.*
- *Gas boilers are cheaper to run than ASHPs. A primary focus for Taylor Wimpey is the costs to our customers, especially in a climate of increased pressure on living costs and thus this weighs in their favour when determining heating strategy.'*

8.4 The applicant therefore seeks an amendment to the terms of the S106 agreement to enable the 21 affordable housing units to be provided as intermediate tenure comprising 4 x 1 bed apartments, 8 x 2 bed apartments, 2 x 2 bed houses and 7 x 3 bed houses. That provision will thereby enable the applicant to take forward the only identified viable offer for the affordable housing units which is from Rentplus. Rentplus is not a registered affordable housing provider however it is seeking to provide an alternative affordable housing product to the market. It is designed for aspirant homeowners who are unable to purchase a home for a variety of reasons including lack of savings for a deposit. The model, as described in the varied S106, on the Rentplus website and following direct discussions with Rentplus is summarised as follows:

- The intermediate tenure properties will be purchased by Rentplus and then rented to tenants at 80% of market rent. A Local Letting Plan or nominations agreement is agreed with the Council for each scheme which sets out the priority and preference order for tenants. Priority will be given to those with a local connection and eligible households on the Council's Housing register. As long as Rentplus's applicant can demonstrate that they can afford the rent with a realistic plan to purchase the property there is no lower income limit. For example, a couple with children on a single income could rent a Rentplus Home for 10 years at which point the children would be more independent and both partners could work, and the property could be purchased on a double income. An upper combined limit of £80,000 is usually applied. According to the Rentplus website the average annual income of a Rentplus household was £33,000 as of 31.12.23. The requirement for a local connection is defined in the DOV as '*priority will be given to those who have a 12-month living or working connection to the Council's administrative area.*' Whilst the property is being rented, Rentplus have responsibility for maintenance of the properties similar to other registered providers.
- During the renting period the tenant has the opportunity to put the saving in rent (i.e. compared with market rents) towards a deposit. The tenants are then given the option to purchase the home at fixed intervals in the tenancy of either 5, 10, 15 or 20 years. The different timescales to buy allow flexibility and choice to suit the different circumstances of prospective homeowners when they move in. The Rentplus funding model works on the basis of 25% of the properties being sold every five years so in the case of the site subject of this application approximately 5-6 properties will be sold at each interval.
- At the point of the initial application to the Rentplus model, the prospective homeowner will identify what is likely to be the best timescale for them to purchase depending on their financial circumstances now and what they are likely to be in the future – this could be 5 years, 10 years 15 years or 20 years.
- At the time the tenant is planning to purchase their home, the property will be valued by an independent RICS surveyor. Rentplus will gift the tenant 10% of the open market value of their home at the time of purchase. This will be in the form of actual money rather than a discount off the price of the property, managed by the purchasers' solicitor, which tenants could put towards their deposit to aid their mortgage application at that time.
- A year before a tenant is due to purchase their home, Rentplus will review their circumstances and assess whether or not they will be able to proceed. If it is apparent that the tenant will not be able to purchase at the agreed time, there is a cascade process to follow before the property is sold on the open market:
 - i) The first action is to offer other tenants in the same scheme or elsewhere in the Rentplus UK wide portfolio, the opportunity to bring forward the purchase of their home and swap deals with the first tenant so that they can rent for longer. Effecting this substitution means the first tenant can remain in their home as a tenant for a further five years with a new Assured Shorthold Tenancy, giving them more time to save and prepare to buy their home (effectively a swap of contracts) The Rentplus website confirms in the region of 20,000 Rentplus homes are under instruction or in contract across the country.
 - ii) If a substituted deal is not acquired by the tenant in the swap arrangement as highlighted above, and they choose to leave the property, a cascade mechanism applies whereby the unit is then offered to another qualifying tenant within the Local Letting Plan on the same discounted terms, or if none are forthcoming, it is then offered to another affordable housing Registered Provider or the Council, again, at a 10% discount, and finally, if all the above options default, it is sold on the open market.
 - iii) If the home is sold on the open market the Council receives 7.5% of the sale price to invest in new affordable homes.

- In any eventuality the Rentplus model sees 25% of all the homes sold at the end of each 5-year period with all homes sold after 20 years and there will be no Rentplus rented properties remaining at the site. If a tenant is unable to purchase the property at the end of the 20-year period, their property is offered to the Local Authority or a local Registered Provider to purchase who can then continue to rent to the tenant directly. If this option is not taken up by the Local Authority or a local Registered Provider, then the property is sold on the open market with 7.5% going to the Council as noted above. In that eventuality the tenant would need to find alternative accommodation

8.5 The above summary reflects staffs understanding of the position at the time of report preparation. Should any points of clarification be further identified, any necessary update will be provided in the Supplementary Report. Rentplus have a list of frequently asked questions about their Rentplus model - see Appendix 1.

8.6 Whilst this product does include a varying period of 'affordable' rent ultimately all the properties bought by the tenants are sold at the equivalent of 90% of their value, taking into consideration the 10% 'gift'. Although there is an element of affordable rent in each case, ultimately the houses will all be sold to the tenant so the Council's Housing Team consider this to fall within the definition of Intermediate tenure housing as defined in paragraph 2.6 above This application is therefore seeking a variation to change the requirement for 16 affordable rented properties and 5 shared ownership properties to 100% intermediate tenure housing which will then enable the developer to pursue a contract with Rentplus to take on all 21 affordable housing units as Rentplus units.

8.7 In the event that no agreement with an intermediate tenure provider were to be secured within a set timeframe (which would include for example a scenario in which the developer's intended contract with Rentplus were not to proceed), there is a provision in the proposed Deed of Variation for a fall-back position in which the 21 dwellings are sold on the open market and a policy compliant financial affordable housing contribution is made to the Council (the formula for this is set out in the Council's Interim Affordable Housing Policy and is based on a percentage of the open market value of the property at the time of sale). This option can only be taken if the Council consider that all reasonable endeavours to secure the properties as intermediate tenure housing have been taken. This fall-back scenario has two stages. Initially, if no agreement is reached after 6 months of the date of the completion of the Deed of Variation, required provision of the 16 previously secured affordable rented units could be exchanged for a policy compliant affordable housing financial contribution. The remaining 5 affordable housing units will then be marketed as shared ownership as set out in the original S106 agreement for a further 6 months. If the owner is unable to exchange a sale agreement within 12 months of the date of this Deed of Variation, required provision of those 5 units could then also be converted to a policy compliant financial contribution.

8.8 The applicant has reasonably demonstrated that there has been a lack of offers for the previously agreed affordable housing provision at the site. Evidence shows that the only offer was on the basis that the proposed air source heat pumps must be installed for these properties but the applicant has provided evidence that a substation would be needed to facilitate this and it is acknowledged that the site does not contain any suitable location for a substation without a more significant amendment to the scheme including the potential loss of units and/or public open space. It is also acknowledged that the proposed Rentplus model would still provide the same number and mix of affordable housing units for the site overall albeit in an alternative form. Having reviewed the submitted information, including a legal opinion related to this application, through which a Kings Counsel (KC) has determined that the Rentplus model falls within the NPPF definition of affordable housing as set out in Appendix 2 below, it is considered that the proposal to vary the S106 agreement to intermediate housing, in turn facilitating the Rentplus model to apply, can be accepted as a replacement affordable housing offer in the

specific circumstances of this case. This approach has regard to the fact that 38 other Councils in England have reportedly recognised Rentplus as an affordable housing option and is supported by the Council's Housing service who have raised no objection to the proposal as set out in paragraph 4.2 above for this particular site.

- 8.9 Therefore, in this particular case, taking into consideration the specific circumstances of the site and the reasonable but ultimately unsuccessful endeavours the applicant has made to secure a registered provider to deliver the existing affordable housing provision as set out in the S106 agreement dated 1st September 2023, it is considered in this instance that the case for variation of the legal agreement as set out above has been justified such that the proposal is acceptable and policy compliant in this regard.

Equality and Diversity Issues

- 8.10 The Equality Act 2010 (as amended) imposes important duties on public authorities in the exercise of their functions and specifically introduced a Public Sector Equality Duty. Under this duty, public organisations are required to have due regard for the need to eliminate unlawful discrimination, harassment and victimisation, and must advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. Officers have in considering this application and preparing this report had careful regard to the requirements of the Equalities Act 2010 (as amended). They have concluded that the decision recommended will not conflict with the Council's statutory duties under this legislation.

Conclusion

- 8.11 Taking into account all material planning considerations and the specific circumstances of this case, it is concluded that the appropriate way to satisfactorily resolve this matter is to modify the S106 agreement as set out below. In those specific circumstances the approach outlined is considered to provide a practical and acceptable solution that serves the community's best interests in this particular case.
- 8.12 It is considered that there is sufficient justification to allow the modifications to the Section 106 agreement dated 1st September 2023 pursuant to planning permission ref. 23/00030/FULM.
- 8.13 This application is recommended for approval subject to completion of a Deed of Variation to secure the modifications set out in the recommendation section below.

9 Recommendation

9.1 Members authorise:

- a) **That the Council enters into a Planning Obligation by Deed of Variation under Section 106A of the Town and Country Planning Act 1990 (as amended) to allow the following modifications to the Deed of Agreement dated 1st September 2023 pursuant to planning permission 23/00030/FULM to allow:**
- i. **The affordable housing contribution to be amended from 16 x affordable rented units (4 x 1 bed apartments, 8 x 2 bed apartments and 4 x 3 bed houses) and 5 shared ownership units (2 x 2 bed houses and 3 x 3 bed houses) to 21 affordable housing units of intermediate tenure comprising 4 x 1 bed apartments, 8 x 2 bed apartments, 2 x 2 bed houses and 7 x 3 bed houses.**
 - ii. **To allow for the option for the affordable housing for the site to be replaced by a policy compliant financial contribution based on the Council's standard formula as set out in the Interim Affordable Housing Policy (2016) if no agreement with an intermediate tenure provider can be reached within 6 months (in lieu of the 16**

original affordable rented units) and 12 months (in lieu of the 5 shared original ownership units) of the date of the Deed of Variation.

b) That the Executive Director for Environment and Place, the Director of Planning and Economy or the Service Manager – Development Control BE DELEGATED to AGREE A MODIFICATION OF THE PLANNING OBLIGATION dated 1stSeptember 2023 pursuant to planning permission reference 23/00030/FULM. The relevant officer will have delegated powers to agree further modifications to the wording, providing that they do not comprise a material departure from the principles outlined within the report.

c) In the event that the Deed of Variation referred to in part (a) above has not been completed before 27th June 2024, or an extension of this time as may be agreed by the Executive Director for Environment and Place, the Director of Planning and Economy or the Service Manager – Development Control, authority is delegated to refuse the application on the grounds that the development would not secure the necessary affordable housing contribution, in accordance with the requirements of the original permission and as the development would otherwise be contrary to National and Local Planning Policy.

Appendix 1 The Rentplus Model Explained FAQs



☎ 01900 737737

11 Exchange Square
21 North Fourth Street
Milton Keynes
Bucks MK9 1HL

The Rentplus Model Explained

1. MANAGING RENTPLUS TENANCIES

Q. What are the benefits of Rentplus for tenants?

A. The Rentplus model is designed for aspirant homeowners who are unable to purchase a home for a variety of reasons, including lack of savings for a deposit. With Rentplus, tenants are offered:

- o A five-year renewable tenancy providing stability for their families
- o A new home with lower running costs at 80% of market rent
- o A planned purchase timescale to suit their financial circumstances, at 5, 10, 15 or 20 years with support and guidance to do so
- o No repairing obligations during the rental period – unlike shared ownership, there is no responsibility for repairs and maintenance until the tenant purchases the property
- o Opportunity to demonstrate creditworthiness through a five-year tenancy of rent payments to help mortgage application and to save with Help to Buy Cash ISA etc.
- o Access to a range of mortgage products and competitive interest rates
- o A gifted deposit of 10% of the open market value of the property at the time of 100% purchase
- o Home which is planned and integrated as part of open market housing and designed with the future in mind

Q. Who are Rentplus homes for?

A: Rentplus homes are suitable for anyone who is local to the area, is working or in training, has an aspiration to own their own home at some point in the future, has an income of less than £80,000 p.a. (in line with 'Help to Buy Shared Ownership') and is currently unable to save for a deposit.

Q. How are the homes allocated?



A. The local authority in which the homes are situated will decide who is eligible to apply for Rentplus homes in their area. In many cases, local authorities are looking to target those households who are in the middle to lower bandings on their choice based letting schemes and/or households on their 'Help to Buy' register. Local authorities may also consider other criteria such as 'is the tenant freeing up an existing affordable rented home' which could be used to house priority needs households.

Q. Are tenants allowed to under occupy?

A. Yes – the key issue is whether the prospective tenant can afford the rent. Before properties are allocated, we will undertake an affordability assessment with the prospective tenant, which will determine the size of their future home. Tenants just need to be aware they will incur the higher rent charges if they are renting a larger home.

Q. What about the tenancy agreement?

A. Rentplus has a standard Assured Shorthold Tenancy Agreement (AST). Rentplus tenancies are provided on a five-year renewable basis, so tenants have security and stability, and can establish themselves in their local community.

Q. Who repairs the properties?

A. Unlike shared ownership, where the part-owner is responsible for the repairs to their home, a Rentplus tenant is not responsible for repairs to their home until they buy it. While they rent their home, Rentplus is responsible for all repair and maintenance work.

Q. When can the tenant buy their home?

A. Rentplus tenants can buy their home at either 5, 10, 15 or 20 years. Rentplus knows that not everyone will be able to purchase at year 5, and so the different timescales to buy allow flexibility and choice to suit the different circumstances of prospective homeowners when they move in. At the point of initial application to the Rentplus model, the prospective homeowner will work with us to identify when is likely to be the best timescale for them to purchase depending on their financial circumstances now and what they are likely to be in the future – this could be 5 years, 10 years, 15 years or 20 years.

Q. How does the purchase process work?

A. At the time the tenant is planning to purchase their home, the property will be valued. Rentplus will gift the tenant 10% of the open market value of their home at the time of purchase as a deposit. The deposit is a gift of actual money rather than a discount off the price of the property, managed by the purchasers' solicitor, which tenants can put towards their deposit to aid their mortgage application. Rentplus encourages tenants to save as much as possible during the rental period as this will mean they will need a smaller mortgage and reduce their costs in the future.

Q. Can the tenant continue renting if they are unable to purchase?

A. Rentplus is aware that things do not always go as planned and therefore work with the tenants throughout the rental period to ensure there are no surprises and the flexibility to instigate mitigating actions if required.

The Rentplus funding model works on the basis of 25% of the properties being sold every five years. A year before a tenant is due to purchase their home, Rentplus will review their



circumstances and assess whether or not they will be able to proceed. If it is apparent that the tenant will not be able to purchase at the agreed time, there is a cascade process to follow before the property is sold on the open market.

The first action is to offer other tenants in the same scheme or elsewhere in the Rentplus portfolio the opportunity to bring forward their purchase of their home. Effecting this substitution means the first tenant can remain in their home for a further five years with a new Assured Shorthold Tenancy, giving them more time to save and prepare to buy their home.

If the home is not acquired by the tenant then as highlighted above a cascade mechanism applies whereby the unit is then offered to another qualifying tenant within the development on the same discounted terms, or if none, then offered to another affordable housing Provider, again, at a 10% discount, and in default of all of the above, sold on the open market.

If the home is sold on the open market the Council receives 7.5% of the price to invest in new affordable homes.

Q. What if the tenant suffers financial difficulties whilst renting?

A. The affordable housing provider will be supporting the tenant into home ownership and therefore should be made aware of any financial difficulties as soon as possible. The affordable housing provider will offer support and guidance to enable tenants to get back on track. If a tenant falls into rent arrears, the affordable housing provider will implement the rent arrears policy and procedures as set out in the AST.

Q. What are the tenants' rights and responsibilities whilst they are renting?

A. Rentplus homes are let on a 5-year renewable Assured Shorthold Tenancies through Rentplus Homes. Tenants have all the same rights and the same responsibilities as RP's other tenants. Rentplus Homes is responsible for providing the repair and maintenance service during the rental period.

Q. Can the tenant buy shares in their home (staircase into home ownership)?

A. The Rentplus model enables the tenant to buy 100% of their home at the date they agreed when signing their tenancy agreement – either 5, 10, 15 or 20 years.

Q. How long would a purchaser have to wait before being able to sell the property on?

A. The purchaser would be able to sell the property on at any time.

2. WORKING WITH LOCAL AUTHORITIES

Q. What are the benefit of Rentplus for local authorities?

A. It is for each Local Authority to decide how Rentplus best meets their local housing needs and aspirations of their communities across their authority. The Local Authority can determine who the homes are allocated to, including applying local restrictions, thereby taking tenants off housing lists.

Provision of affordable rented housing in the local area for a minimum of 20 years.



- o No grant is required as Rentplus is a fully funded investment platform, resulting in additional investment into the local authority area.
- o Secure competitive prices on affordable housing to unlock stalled sites (on land and s106 opportunities), forward fund infrastructure work.
- o If the home is sold on the open market, the LA receives 7.5% of the sale to invest in future affordable housing.
- o New homes are managed and maintained by an affordable housing provider and homes are allocated on 5-year renewable tenancies up to a period of 20 years.

Q. Why is Rentplus complementary to the more traditional forms of affordable tenure?

A. Rentplus provides a hybrid product i.e. affordable rent to buy, by providing tenants with the opportunity to purchase in year 5, 10, 15 or 20 depending upon their circumstances and aspirations at the point of letting. Unlike Intermediate Sale or Shared Ownership/Equity products, Rentplus delivers 'additional' Affordable Rented homes for an agreed period of time, providing the opportunity for tenants to save, benefit from a 10% gifted deposit and to achieve their aspirations for home ownership.

Q. Are Rentplus homes compliant with the NPPF definition of affordable housing?

A. Yes – we have legal and planning advice which confirms that Rentplus is NPPF compliant. Rentplus is already delivering in 64 LA Planning areas.

Q. How are properties allocated?

A. Rentplus works with the local authority to agree how they want us to identify and allocate Rentplus homes. Different local authorities require different ways to achieve our shared objectives; this can include a range of options depending on the local authority's objectives such as:

- o Local Choice Based Lettings schemes
- o HomeBuy Agencies
- o Shared Ownership waiting lists
- o Local lettings plans
- o Local connection requirements
- o Local advertising

All applications for Rentplus homes are assessed in accordance with our eligibility criteria and the allocations process agreed with the local authority.

Q. Who has been housed in Rentplus homes?

A. Working with Rentplus provides a real opportunity for local authorities to triangulate the use of social/affordable housing in their area to achieve housing policy objectives and the efficient use of existing social/affordable housing. The evidence from current Rentplus schemes is that:



- o 30% of Rentplus tenants have moved from existing social/affordable housing thereby releasing them for people in housing need to be housed from the waiting list
- o a further 30+% have been housed from local authority CBL schemes, thus reducing numbers and demand placed on the scheme
- o other Rentplus tenants have moved from Armed Forces accommodation

Rentplus can positively target their existing tenants to offer them the opportunity to move into a Rentplus home. Despite some existing tenants having the Right to Buy, there are a number of reasons why they are not able or do not wish to exercise this option; the lack of a deposit remains one of the main barriers whilst many tenants are not necessarily living in homes that they wish to purchase.

Q. What are the benefits for tenants living in a Rentplus home?

A. Rentplus provides families the opportunity to rent at Affordable rent level. In addition:

- o Unlike shared ownership the managing housing association has responsibility for repairs and maintenance not the tenants during the rental period
- o They have a new build, fuel efficient home
- o A home managed by a reputable landlord
- o Security of tenure (subject to compliance with the AST requirements)
- o Gifted deposit of 10% of the open market value of the property at the time of purchase.
- o Opportunity to demonstrate creditworthiness through the tenancy period to help mortgage application
- o There is no obligation to purchase - tenants can give notice at any time.



Annex 2: Glossary

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions⁸¹:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. 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).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.