

RENTplus

Briefing

RENTplus is a new affordable housing product which officers consider to be an additional intermediate affordable housing model which sits between Affordable Rents and Shared Ownership models. RENTplus delivers high-quality affordable housing without reliance on public grant, by encouraging long-term institutional investment into the affordable housing sector.

The RENTplus product is aimed at people on the housing register who aspire to home ownership. They will be able to rent an affordable home from RENTplus, with the aim of purchasing that home after a period of time. A housing association partner will manage and maintain the homes on behalf of RENTplus and support tenants to progress to ownership. In addition to an affordable rent, tenants buying their home will receive a 10% gifted deposit from RENTplus to buy their home and get them into home ownership.

How RENTplus works

Tenants are granted five year tenancy agreements at an affordable rent. 25% of the RENTplus homes will be sold at the end of the first five year tenancy agreement. For RENTplus homes which are not sold, new five year tenancy agreements will be granted. This will be repeated after 10 years and then 15 years. All RENTplus homes will be sold over a 20 year period.

In the event that a tenant is unable to purchase their home at their agreed purchase target date, RENTplus and their housing association partner will look to swap with another RENTplus tenant who is in a position to purchase their home. In the very unlikely situation where there isn't anyone who can swap, the housing association partner will be offered the opportunity to purchase the RENTplus home or it will be sold on the open market and the Council will receive a proportion of the sale price. The tenant would then be rehoused by the housing association partner into one of their rented properties or into a market rented property.

Benefits for Tenants

- A new home at an affordable rent with support and guidance to achieve home ownership
- A 10% gifted deposit at the time of purchase
- A home which is planned and integrated as part of open market housing and designed with the future in mind
- An opportunity to demonstrate creditworthiness through regular rent payments to aid mortgage application
- An opportunity to own a home for people on housing waiting lists

Benefits for Developers

- Working with RENTplus helps enhance viability and, in some cases, increases the percentage of affordable homes which can be offered to meet planning obligations
- RENTplus funds are readily available without grant and can help unlock a stalled site
- RENTplus developments will be designed to integrate with open market housing and alter the nature of the affordable element in developments of Intermediate affordable housing.

Benefits for Local Authorities

- An increase in the potential number of homes available at affordable rents
- Provides impetus to developments with existing approvals, but which may have stalled due to the economic climate
- Promotes mixed tenure developments and a commitment to neighbourhood planning
- Can add value to council-owned land and attract a capital receipt for the local authority
- Stimulates the local economy, training and skills, builders and suppliers
- Increases New Homes Bonus

Conclusion

Having thoroughly investigated the model officers accept the RENTplus model as an additional affordable housing product and has agreed for the first 20 RENTplus homes to be included as part of the affordable housing mix on Phase 2 of the Knowle Lane site in Cullompton (developed by Barratt Homes). These homes will be managed and maintained by Cornerstone Housing Association. Future use of RENTplus homes will need to be agreed by Planning and Housing Officers on a site by site basis.