

Annex B: Consultation Questions

Q 1: Please provide your name and contact details in the box provided, and identify whether you are responding as (please tick one):

- A private individual?
- On behalf of an organisation?

Name: ARLA Propertymark
Address: Arbon House, 6 Tournament Court, Edgehill Drive, Warwick, CV34 6LG
Email: timothydouglas@propertymark.co.uk

Q 2. If you are responding as a private individual, please identify in what capacity you are replying and whether your main interest is as:

- A person living in private rented accommodation?
- A person living in affordable housing?
- A private landlord?
- Other? (Please specify)

Q 3. If you are responding on behalf of an organisation, please identify in what capacity you are replying and the main interest of your organisation (tick all that apply):

- An investor in Build to Rent schemes
- A developer of Build to Rent homes
- A lender to Build to Rent schemes
- A supplier of management and/or other services to Build to Rent homes
- Other private landlord
- Social landlord (either Registered Provider or local authority)
- A developer of other housing tenures besides Build to Rent
- A trade or other representative body
- Local authority
- Other (please specify)

ARLA Propertymark (Association of Residential Letting Agents) is the UK's foremost professional and regulatory body for letting agents; representing over 9,000 members. Our members operate to professional standards far higher than the law demands, hold Client Money Protection and we campaign for greater regulation in this growing and increasingly important sector of the property market. By using an ARLA Propertymark agent, consumers have the peace of mind that they are protected and their money is safe.

Q 4. Please specify the part(s) of England in which you live, or your organisation's activities (or members) are principally located (you may tick more than one):

- London

- South East
- East of England
- South West
- East Midlands
- West Midlands
- Yorkshire & Humber
- North East
- North West
- Other (please specify)

ARLA Propertymark has membership in all regions and countries of the UK.

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.

- Yes
- No
- Don't know

Yes, we consider that finding appropriate sites for development, availability of institutional funds and viability as issues that are preventing the rapid development of the Build to Rent market and merit national policy intervention. Furthermore, continual legislative change acts as a barrier to long-term investment as it creates uncertainty.

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

- Yes
- No
- Don't know

Yes, we believe that it would be helpful for the Government to revise the National Planning Policy Framework to refer to Build to Rent as a form of housing which planning authorities should consider.

In the next two decades it is predicted that more people will rent in the UK than own their homes because of the lack of affordable housing stock that is being built for sale. Therefore it will become more important to persuade local authorities to free up land for rented housing and allow build to rent schemes to go ahead.

Q 7: Do you think that Government should set a policy expectation on Affordable Private Rent in the National Planning Policy Framework, or not? (Please state your reasons).

- Yes

- No
- Don't know

Yes, we do think that the Government should set a policy expectation on Affordable Private Rent in the National Planning Policy Framework.

Q 8: Will a policy expectation in the National Planning Policy Framework send a sufficiently strong signal to support Affordable Private Rent as the main vehicle for affordable housing in Build to Rent? (Please state your reasons)

- X Yes
- No
- Don't know

Yes, because it should help with the viability of a development and also allow the investor to manage the affordable and market rent elements as one.

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?

- Yes
- No
- Don't know

It is our view that the most successful Build to Rent schemes have been in urban locations, with local transport within walkable distance. Therefore we believe that Affordable Private Rent through Build to Rent will flourish in areas where there are strong employment rates and lower land values.

10: Do you consider that the efficiencies arising through on-site provision of Affordable Private Rent can materially improve the viability of Build to Rent, compared to other affordable housing tenures?

- X Yes
- No
- Don't know

Yes, we do think that these will improve the viability of Build to Rent as long as the local authority place a planning condition on the development which will retain it as market rented homes for a fixed period.

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?

- X Yes
- No

Don't know

Yes, we think that it could further reduce the amount of new social housing stock.

Q 12: If your answer to Q11 is yes, would these consequences be mitigated by limiting Affordable Private Rent only to Build to Rent schemes?

X Yes
 No
 Don't know

Yes, it is likely that limiting Affordable Private Rent only to Build to Rent schemes will mitigate this affect. However, local authorities need clear guidance from the Government so they are confident in developing mixed housing tenures across their land supply and will receive equal credit for doing so.

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.

X Yes
 No
 Don't know

Yes, we do think it is reasonable for Planning Authorities to specify minimum tenancy lengths in Build to Rent schemes. Those investing in Build to Rent have a long term interest in housing with the aim of meeting tenants' needs and expectations. Therefore minimum tenancy lengths will assist them in developing a build to rent product aimed at those who will be long term private tenants.

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?

Yes
X No
 Don't know

We believe that Build to Rent tenancies should be for at least three years. However, we would like to see the break option increase over time; the longer the tenancy runs, for instance up to three months.

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).

Yes

- No
- Don't know

We agree with the Government's approach to incorporate a number of features and principles in the definition of Build to Rent. However, the Government may also wish to consider including unit sizes as this will affect rental income.

16: Do you agree that the National Planning Policy Framework should put beyond doubt that Affordable Private Rent qualifies as affordable housing in Build to Rent schemes? (If not, please state why).

- Yes
- No
- Don't know

It is our understanding that Build to Rent investors will be looking to commit investment for a significant length of time. Therefore political stability and bad tax and legislative changes such as the introduction of rent controls could put institutional investors off.

Q 17: Do you agree with the proposed definition of Affordable Private Rent set out on page 21? (If not, please state why, and what criteria should apply).

- Yes
- No
- Don't know

Yes, we agree with the proposed definition of Affordable Private Rent set out on page 21.

Q 18: The Government intends to set the parameters of Affordable Private Rent as:

- a minimum of 20 per cent of the homes to be discounted;
- the discount to be set at minimum of 20 per cent relative to the local market;
- an offer of longer tenancies of three years or more;
- the discount to apply indefinitely (subject to a "claw-back" arrangement if Affordable Private Rent homes are withdrawn).

Taken as a whole, are these parameters: (i) reasonable; (ii) too onerous; (iii) insufficient? Which, if any of them, would you change and why?

- Reasonable
- Too onerous
- Insufficient
- Don't know

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

- National Planning Policy Framework
- Guidance
- Not helpful to specify parameters
- Don't know

We believe that the parameters for Affordable Private Rent should appear within Planning Practice Guidance so as to give flexibility depending on individual circumstances rather than arbitrary figures.

Q 20: The Government is minded to leave determination of eligibility and nomination criteria for Affordable Private Rent to negotiation between the developer and the local authority. Do you support this position? Will it affect take-up of the policy? Please give your reasons.

- Support position
- Do not support position
- Will affect policy take-up
- Will not affect policy take-up
- Don't know

We support the position to leave determination of eligibility and nomination criteria for Affordable Private Rent to negotiation between the developer and the local authority. Local authorities play many important roles in the development process and will be able to determine what is best for their area based on their location and needs. Furthermore, each local authority will have a different understanding of how to use the private rented sector as well as often having very different private rented sector housing needs.

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?

- Yes
- No
- Don't know

We understand that local authorities who are proactively promoting Build to Rent have applied a more flexible approach to affordable housing negotiations by allowing developers to provide lower levels of affordable housing where necessary. They are able to do this by ensuring that the development remains in single ownership, private rented sector use for a fixed period of time by applying a covenant to the units, with 'clawback' mechanisms included within the section 106. Such mechanisms make

provisions to ensure local authorities are compensated if units do end up being openly marketed. As a result we agree with the Government's consideration that there is no need for a fixed minimum covenant period, so long as appropriate claw-back arrangements are provided for.

Q 22: Do you think Government should (a) prescribe the basis for calculating the amount of claw-back, (b) set a possible basis for calculating the amount of claw-back in guidance, or (c) leave the amount of claw-back to be agreed between the local authority and the applicant?

- (a)
- (b)
- (c)
- Don't know

We think the Government should leave the amount of claw-back to be agreed between the local authority and the applicant.

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.

- Identical across the whole of England
- Different for London
- Don't know

Q 24: Would it be helpful for Government to produce model clauses (which would not be mandatory) that could be used in Section 106 agreements to give effect to Affordable Private Rent?

- Yes
- No
- Don't know

We do not have enough relevant information to answer this question.

Q 25: Is a transitional period of six months appropriate for the introduction of the policy? (If not, why not?)

- Yes

- No
- Don't know

We believe that investors and local authorities are better placed to answer this question.

Q 26: Does the summary Equalities Statement in Annex A represent a fair assessment of the equalities impacts of the policy proposals in this consultation? Please provide any further evidence on this issue, including how any negative impacts might be minimised and positive impacts enhanced.

- Yes, a fair assessment
- No, not a fair assessment
- Don't know

local market rent varies from place to place and reflects the local cost of renting a property privately.