

WINTER 2023/SPRING 2024

Rentplus turns renters into homeowners

[LEARN HOW ON PAGE 5](#)

The Rentplus timeline

We have come a long way since 2016 and we have big plans leading up to 2030.

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Rentplus as placemakers

Working with local authorities we help to meet their demand and prioritise first-time buyers.

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Rentplus tenant data

Our tenants range from 18 years old to 66 years, with the average being 31.

[LEARN MORE PAGE 9](#)

Foreword

2023 was a landmark year for Rentplus.

We're working with more councils than ever across the length of the country, turning their local renters into homeowners. Our tenants usually move off social housing lists into a Rentplus home they will buy. Many move out of social housing, allowing the council to reallocate to those in greatest need - a double win for the authority.

House builders are approaching us to diversify their developments across rural and urban sites and deliver a sustainable route to homeownership for our key and essential workers. With most councils, we're planning second, third and even fourth schemes – and *nine* schemes with one early adopting authority.

Last year also saw us grow Rentplus Homes – a management service for our social and affordable housing. We hope that 2024 will see Rentplus Homes accredited by the Regulator of Social Housing, but in the meantime, it continues to be a solution adopted by councils to give their residents the chance to get off the local waiting lists and become homeowners.

Rentplus is a privately owned business with a social purpose driven by outcomes which benefit our communities. Our access to significant financial backing from major institutional investors continues to grow and our pipeline of social and affordable rented homes is expanding at pace. Our work is helping affordable rent-to-buy become a mainstream solution to deliver a greater volume of affordable housing across local and national government. The Rentplus model is making a real difference on the ground to aspirant homeowners with no savings: we know because they tell us. Last year, 95% of our renters became homeowners at the planned point, after just five years of renting. After moving in with no deposit, they're buying 100% of their home with a mainstream high street mortgage, helped by a 10% gifted sum we give them all.

2024 will see us grow further. If you're a housing association, a local authority or a housing developer not already working with us, get in touch.

Together we can change lives.

Steve Collins, Chief Executive



Steve Collins
Chief Executive

Rentplus turns renters into homeowners

As at 31 December 2023, Rentplus has delivered over 600 homes on 37 different schemes in partnership with 10 housing providers and 29 different local authorities. Over 1,400 people now live in a Rentplus home. We are currently working with nearly 70 councils across the country to deliver our award winning affordable rent to buy solution.

An impressive 95% of our tenants are buying their home at the planned point. After just five years of renting, having moved in with no savings and needing no deposit, our tenants are accessing regular high street mortgages and buying 100% of their home. And Rentplus gifts them a 10% sum towards their deposit – about £23,000.

Background

We know that saving for a deposit is one of the main challenges to getting on the housing ladder. In December 2023, Zoopla found that the average deposit paid by a first-time buyer was £53,414, rising to £72,000 in the South East and over £144,000 in London - that's between £26,400 and £144,500 across the country.

For those who can't rely on the 'bank of mum and dad', the difficulty is that often there is very little money left to put aside after paying rent and other monthly bills. The English Housing Survey reports that almost half (48%) of private renters have no savings at all: that's about 2 million households. This rises to nearly three quarters (74%) of those in the social rented sector. The deposit is the main barrier to homeownership. Rentplus removes that barrier.

This leads to a situation whereby the majority of first-time buyers come from the top two highest income groups, pricing out our nurses, teachers, retail and hospitality workers. This should not be the case. Workers across all income brackets should have a realistic prospect of being able to buy a home. We know that this is what they want; the aspiration to own has been constant at around 9 in 10 people for many years.

Average deposits by regions in the UK

Source: Zoopla



£34,500

Average first-time-buyer



£72,000

in South East area

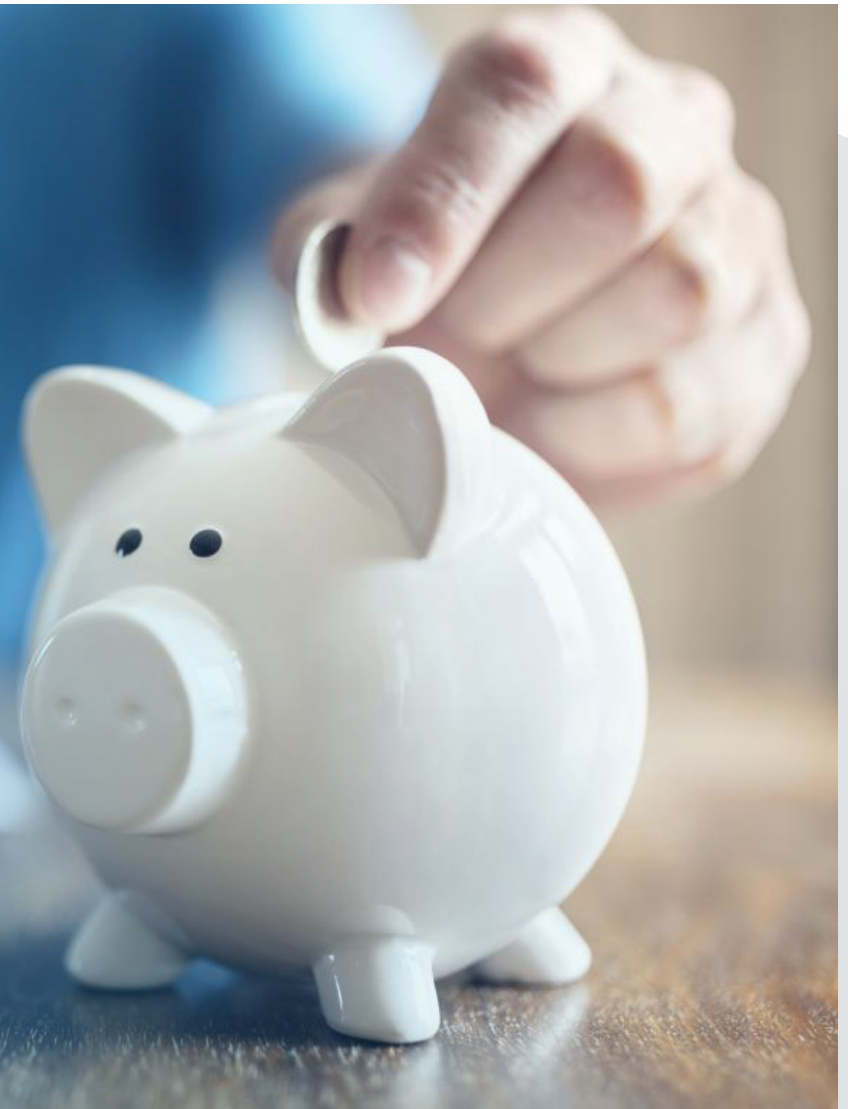


£144,000

in London area

2 million households don't have any savings at all.

This rises to three quarters of those in the social rented sector.



Timeline

The first Rentplus tenants moved in in 2016. In 2021, 100% of the first planned sales took place at year five with Rentplus tenants buying the home they live in. As at 31 December 2023, 95% of our tenants are buying their home at the planned time. Comparable figures for the numbers of Shared Ownership transitions to 100% home ownership are not available as the Government does not collect them. It remains the case that almost half (48%) of private renters – over 2 million households - have no savings at all, meaning they are still unable to access Shared Ownership.

Our model complements existing Government schemes by significantly expanding the overall number of first-time buyers. By removing the deposit barrier, we provide the opportunity for home ownership for those who otherwise could not afford it. The other major difference is that it is all privately financed.

With the Government committing in its Levelling Up White Paper that by 2030 all renters will have a secure path to ownership, one of the most effective ways to achieve this will be through scaling up schemes like Rentplus.

Rentplus does not cost the taxpayer a penny. There is no cap on the potential funding and there are millions of pounds of institutional funding waiting to be invested.



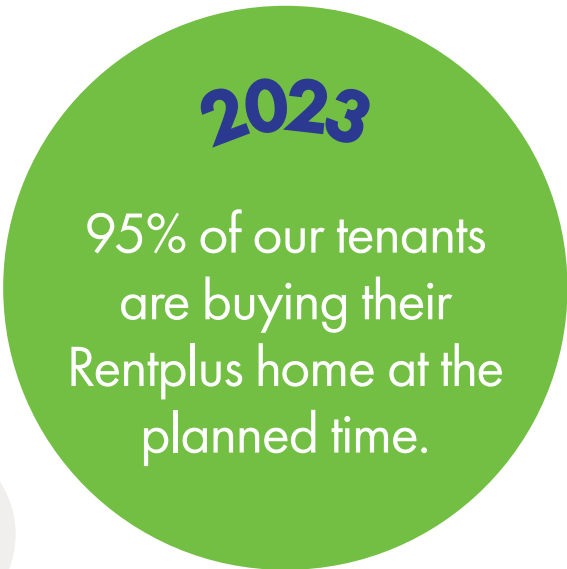
2016

The first Rentplus tenants moved in.



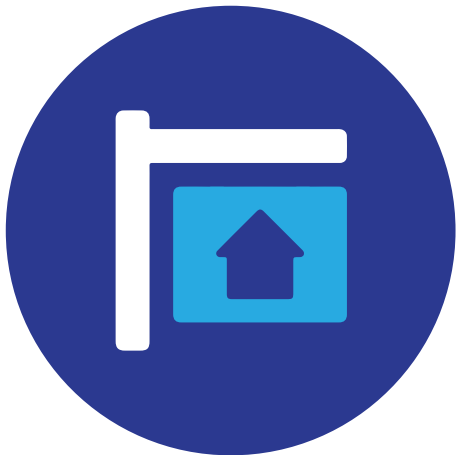
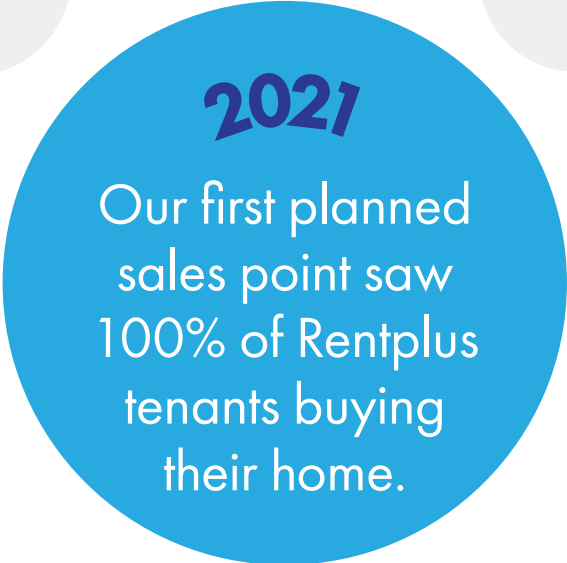
2023

95% of our tenants are buying their Rentplus home at the planned time.



2021

Our first planned sales point saw 100% of Rentplus tenants buying their home.



How it works

The premise is simple:

Under the model, tenants move into a new build home, paying no upfront deposit. They pay an affordable rent (80% of market rent, including service charges) for between 5 and 20 years whilst they save up to buy it. The below market rent enables them to save more than if they were renting privately. Tenants have the option to purchase at 5 yearly intervals. At the start of their tenancy they undergo a financial assessment to decide which is most realistic: 5, 10, 15 or 20 years. If their circumstances change, it may be possible to extend their rental period or to bring forward their purchase date.



Families move into a brand new home with a secure tenancy of 5-20 years and the chance to buy at years 5, 10, 15 and 20.



They pay an affordable rent (80% of market rent, including service charges), enabling them to save more towards a deposit each month.



When they are ready to buy, they receive a gifted deposit worth 10% from Rentplus to add to their savings.

When they buy, they are buying 100% of their home, helped by a gifted 10% sum from Rentplus.

The average household income of tenants using the model is just £33,000. This is almost half the average income of those using the Help to Buy Mortgage Guarantee and the Help to Buy Equity Loan, both of which have an average household income in England of £60,000.

As the market leader, Rentplus has proved that its model works to turn renters into homeowners and is reaching those on much lower incomes than the average users of other home ownership schemes.



Learn more online
www.rentplus-uk.com



Rentplus as placemakers

We work in conjunction with local authorities to help meet their housing demand, for example by prioritising local first-time buyers or key workers.

Having a long-term, secure tenancy contributes to placemaking and enables families to settle in the area they want to live.

"It makes a massive difference. You start thinking about it as "your area" and it's all about our community: when renting, we never became part of the community - now we feel we are."

At the point of purchase, we gift tenants a 10% deposit to add to their savings which reduces their mortgage payment. Tenants buy their homes using a normal high street mortgage with no restrictions, as if they had bought on the open market.

Our tenants are working families on lower incomes, often key workers. They tell us that they wanted to buy a home close to family and work but could never save the deposits required. The average age of our tenants is 31 and nearly half have children.



Holdenby Lane, Earls Barton

"I plan to be in a position to buy the house in five years' time. I've got an ISA set up and I can already see that growing each month, even after just two months. Rentplus is a fantastic opportunity to help people such as myself to save to purchase their first home and I am so grateful to find this opportunity."



Wider benefits for the sector

A significant proportion of tenants (in some areas up to 100%) come from the social housing waiting list where often they had been for a number of years but weren't a high priority and were unlikely to be allocated a social home.

One scheme saw 50% of tenants move out of social housing that they no longer require, freeing this up for those in greater need.

With the Government committing in its Levelling Up White Paper that by 2030 all renters will have a secure path to ownership, one of the most effective ways to achieve this will be through scaling up schemes like Rentplus.

Rentplus across the country

Rentplus is currently working with more than 60 councils across the country with schemes on the Devon/Cornwall borders, in Mid Sussex close to Heathrow, up to Longframlington in the North East.

We're looking for new Local Authority partners to deliver more Rentplus homes across England.



Mims Davies MP welcomes new Felbridge tenants

Planning status

Rentplus funds the delivery of new build homes through s106 agreements. The model can be included as affordable housing through two definitions in the National Planning Policy Framework (NPPF) Annex a); affordable housing for rent; and d) other affordable routes to home ownership.

Some local authorities continue to be reluctant to accept the model on the grounds that they want housing at an affordable or social rent 'in perpetuity'. We counter that there is no difference from social housing, where tenants are eligible to buy their home through either the Right to Buy or the Right to Acquire after just three years. We provide homes at a long-term, affordable rent for a minimum of 5 and up to 20 years. We also enter into a memorandum of understanding with local authorities to endeavour to replace all homes sold with new affordable rent to buy homes, so that future generations can also benefit. In the majority of local authority areas that have adopted us we are already planning multiple schemes. By diversifying the tenure mix and addressing the needs of different parts of the housing market, Rentplus can help to boost the delivery rates of new homes.

We asked Rupert Warren KC to provide Counsel's Advice as to whether the Rentplus model constitutes affordable housing within the definitions set out in the NPPF. Mr Warren has little doubt that the Rentplus model meets the definitions outlined above.

Working in rural and urban areas

At the time of writing, Rentplus has engaged with and is looking to develop homes in over 200 rural and urban local authority areas across England. There is significant potential and enough funding to do far more.

Injecting private funding into affordable housing

We are fully funded by institutional investment which finances the delivery of new homes, injecting additional funding into the affordable housing sector.

A recent report from Legal and General and the British Property Federation estimates that £34 billion a year is needed to meet a 95,000 home per year shortfall in affordable housing and calls on the Government to scale the levels of institutional investment in affordable housing.

Whilst there are no policy barriers preventing local authorities accepting institutional investment to deliver their affordable housing provision, be it for rent or ownership, in our experience, many are reluctant to do so.

The challenge is inherently a cultural one. Even if council leaders are supportive of the model, there is a tendency amongst some officers to favour sticking to traditional delivery models, ie grant funding, rather than accepting institutional investment for affordable housing. This means the country is losing out on additional affordable housing that could be delivered at no cost to the Treasury and will fall short on delivering the amount of new homes required because of ideological reasons, and against the rule of planning law. Some authorities have lost cases when challenged by the Planning Inspector.

Government has called on local authorities to make use of institutional investment models, like Rentplus, to support their home building programmes. Peter Denton, CEO at Homes England, said:

“The use of institutional capital can have a profound influence on affordable housing, and housing in general.”

Our model is fully funded by institutional investment such as pension funds and injects additional funding into affordable housing in the area at no extra cost to the council, without threatening the supply of existing social housing. No loans or grants are needed.



Rentplus: homes that people choose to live in

“As per the definition of ‘affordable’ housing contained in the Government’s National Policy Planning Framework, local planning authorities are permitted to use Rent to Buy products, including those backed by institutional investment, to meet any need for affordable housing identified by their local plans.”



Baroness Penn
Minister for Housing
and Communities
February 2024

Tenant data as at 31 December 2023

What Age Groups Benefit from Rentplus?

Rentplus helps aspirant homeowners of all ages by providing them with a quality home at an affordable rent with a real chance of being able to own their home in the future. It benefits people of all ages and is particularly attractive to young economically active people often with children and struggling to take their first step onto the housing ladder. Our tenants range from 18 years old to 66 years old and the average age of a new Rentplus tenant is 31.

What is the Income of a Rentplus Household?

Rentplus properties can be purchased at an agreed 5, 10, 15 or 20-year period. This variety appeals to households with a range of income levels. Our tenants' household gross income ranges from £11,000 to £87,000. Households can choose a purchase option that best suits their circumstances. For example, lower-income households with no savings may choose a longer 15 or 20-year sales option to give them more time to save for a deposit and improve their earning potential.

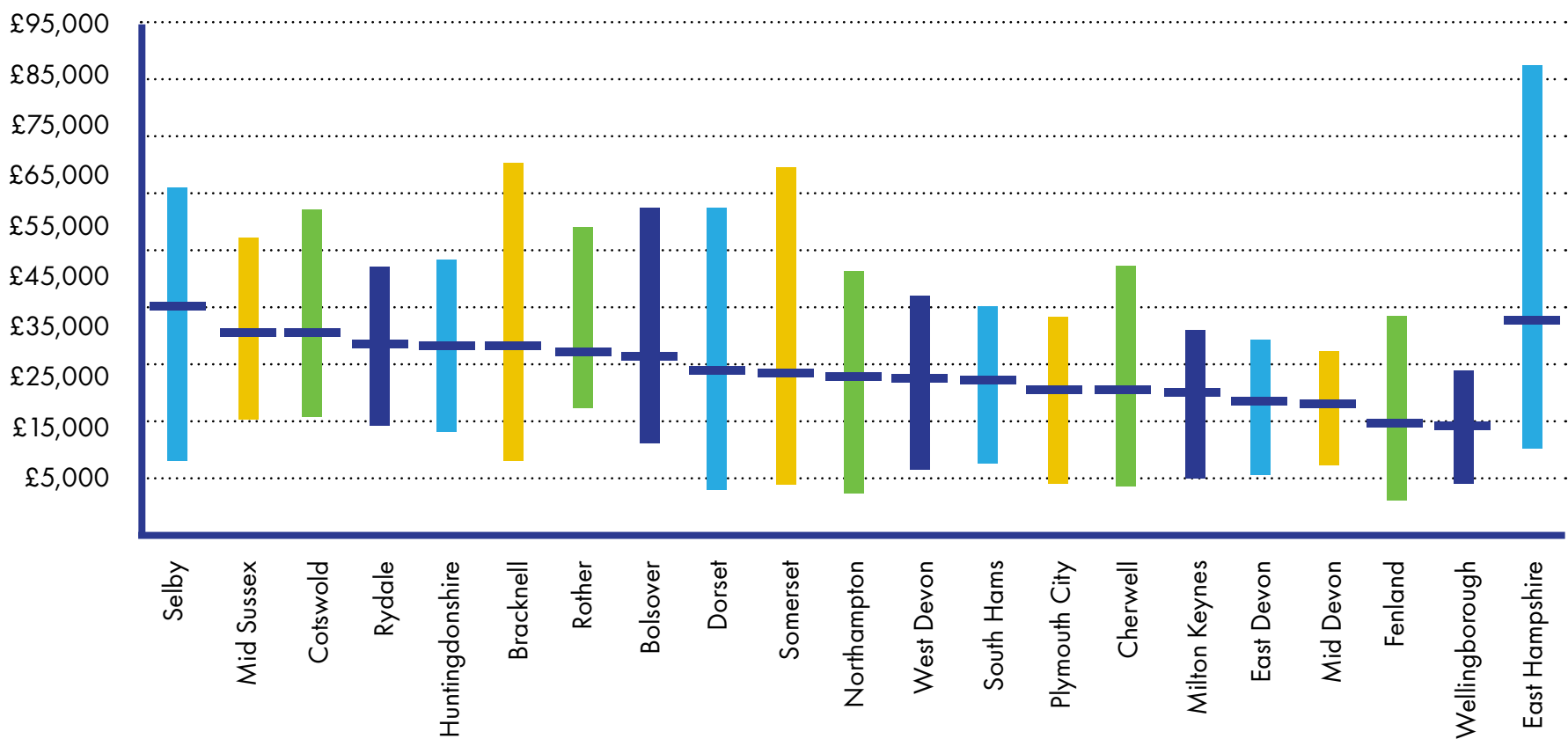
The household income of a Rentplus tenant is also influenced by their local area. For example, the average gross household income in the Cotswolds is £40,100 whereas in Wellingborough, the average Rentplus household income is £23,700.

Overall, the average annual income of a Rentplus household is £33,000.

Rentplus provides a pathway to homeownership for people on a range of incomes by allowing them to save more money towards their deposits. The chart shows the range of Rentplus tenants' gross household incomes from high to low and the average household income for each local authority area.

Our tenants tell us that the 10% gifted deposit gives them a real chance of home ownership that they may well not have been able to achieve in any other way.

Fig 1: Range of Rentplus Tenants' Gross Household Incomes

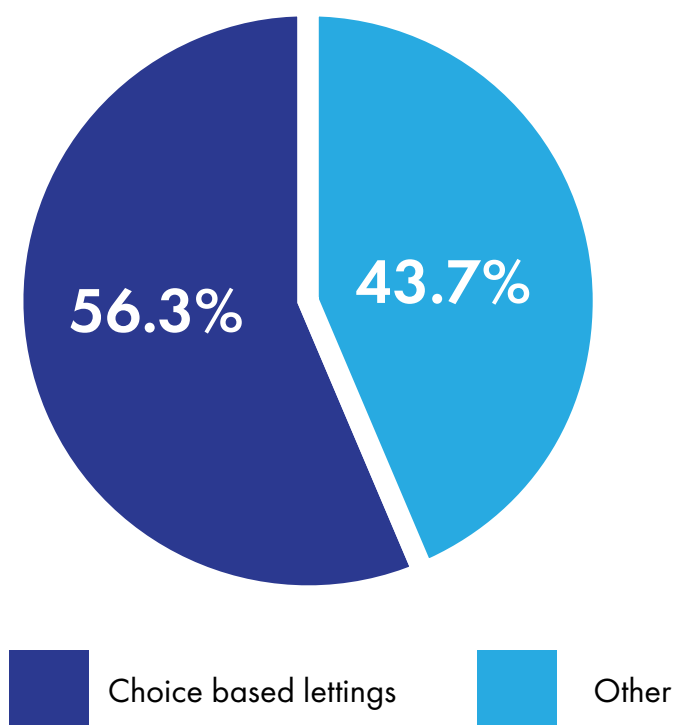


Rentplus Helps Reduce Housing Waiting Lists

Our Housing Association partners develop a local lettings plan in partnership with the Local Authority which includes advertising through the local Choice Based Letting scheme and taking direct applications using local marketing strategies.

Overwhelmingly Rentplus households come from local housing lists with 56.3% of households coming via local Choice Based Lettings schemes: however, in some areas this is as high as 100%

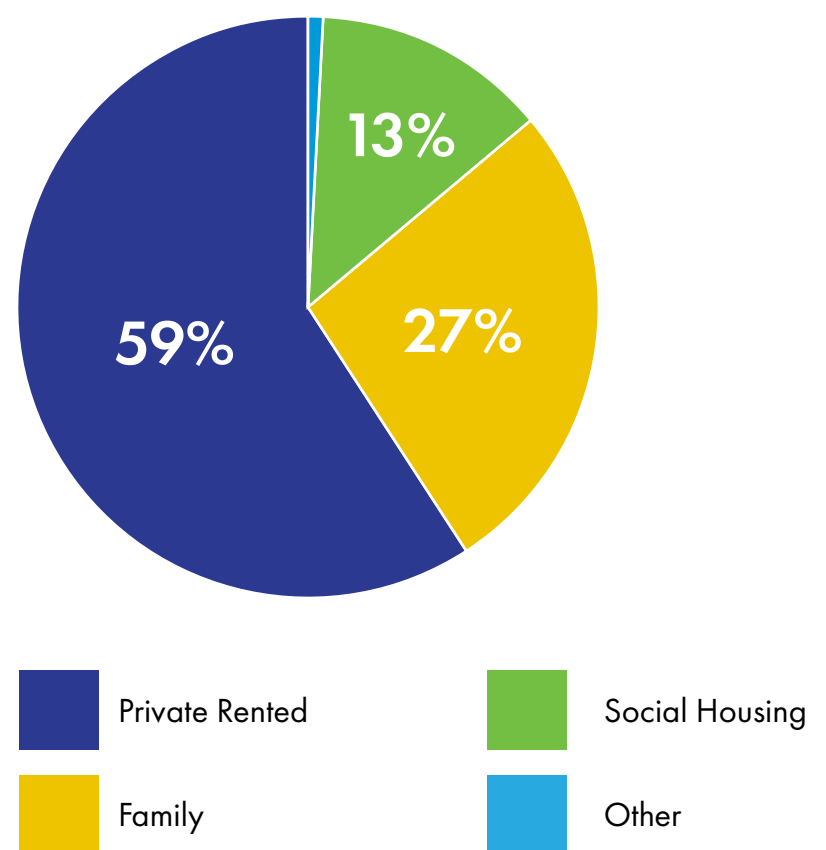
Fig 2: Rentplus Tenants %



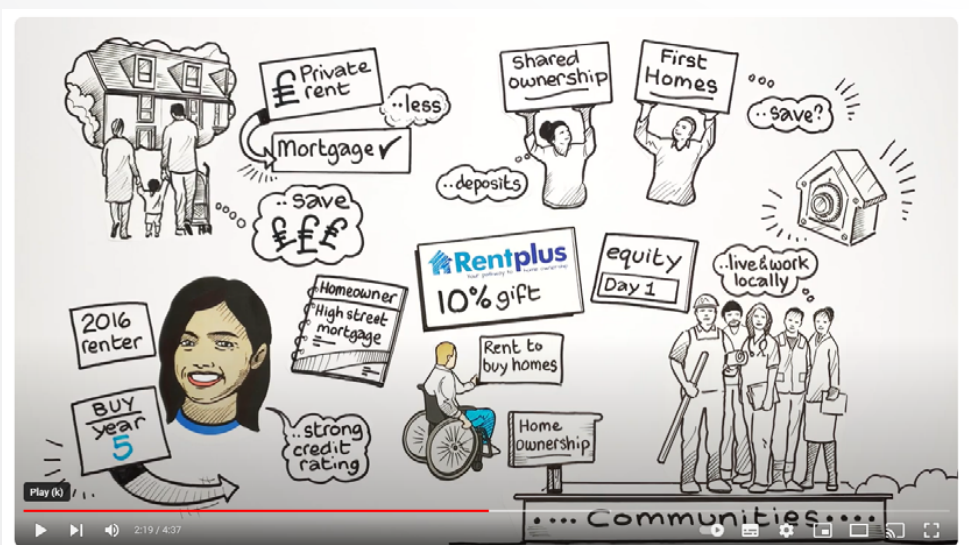
Where do Rentplus Tenants Come From?

Rentplus helps families on low or average incomes in private rented homes who are unable to save for a deposit, or families still living at home with their parents trying to save for a deposit. Also, 13% of our tenants come directly from social housing and in some areas, this is as high as 75%. This “unblocks” much-needed social housing resources for other households that are in the highest need. 59% of our households come from the private rental market and now have a real opportunity to save for their deposits.

Fig 3: Rentplus Tenants' Former Housing



See how Rentplus works on our You Tube channel www.youtube.com/@Rentplus-UK



Rentplus Helps Families

Over 36% of our Rentplus properties provide homes for families with children and 32.2% of our households are young couples who now have the opportunity to start a family thanks to living in their new Rentplus home.

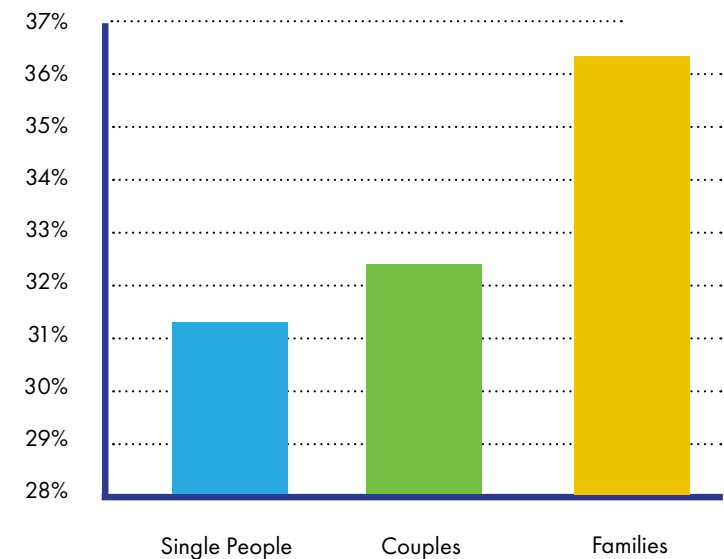
Private rental costs are on the rise and house prices are out of reach for many young families, even on average incomes. Rentplus offers suitable-sized quality accommodation for young families now when they need it, with the real potential to buy their home when they can afford to do so.

Rentplus Provides Homes for Key Workers

Rentplus aims to break down barriers and offer a realistic pathway to homeownership for people struggling to save for a deposit. By providing these homes in the areas where they are needed, we offer a much-needed boost to the economy and the provision of vital services in the community.

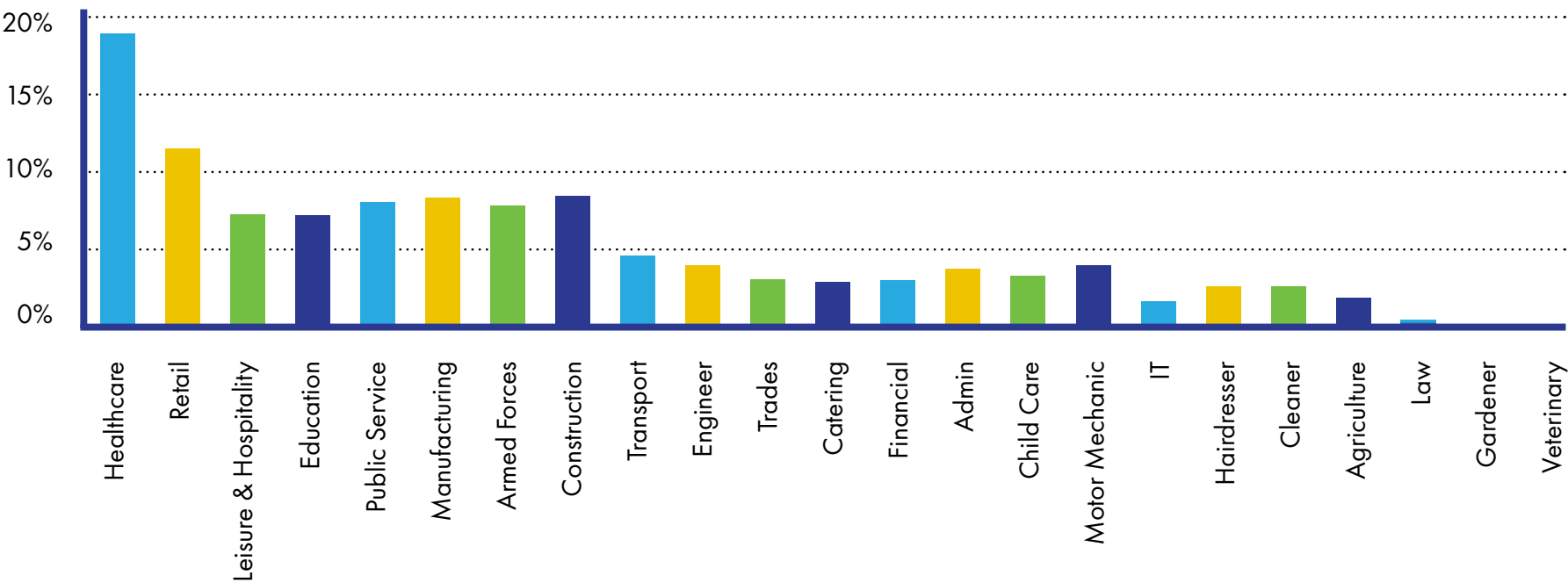
Rentplus tenants are employed and work in varied and important industries in their local areas and communities, often on below-average incomes. We are very proud that the most common area of employment for our tenants is as key and essential workers, many in the healthcare sector such as the NHS. Our tenants also work in other public sector roles such as the armed forces and education as well as retail and manufacturing: all vital in our communities.

Fig 4: Family Makeup of Rentplus Tenants %



Homes for Key Workers

Fig 4: Rentplus Tenant Occupations %



Sales success

Rentplus has already demonstrated that this approach works. Our first tranche of tenants has now successfully completed their Rentplus Programme, buying 100% of their Rentplus home.

Rentplus is the only model on the market that can take people in housing need and successfully support them to transition into home ownership – often in just five years. Our new homeowners say that they could not have achieved their dream without the help and support of Rentplus.



In summary

Rentplus provides affordable rent to buy homes to key workers in our communities that would otherwise not have the opportunity to work towards owning their own home.

The data shows that typical Rentplus tenants are likely to be hard-working couples in their late 20s or early 30s with children. They live on a below-average household income and will likely be a key worker, working for the NHS, education, retail or manufacturing. They were living in existing social housing or the over-expensive private rented sector, unable to save a deposit. They were on the local authority housing waiting list but were very unlikely to be offered an affordable home due to their level of housing need.

All had a real passionate aspiration to own their own home, but found their pathway blocked because they didn't have a deposit and little or no spare income to save towards one.

Rentplus gives people a real chance by providing them with the quality home they need, now when they need it, and in the area where they want to live. It gives them a real opportunity to save for a deposit while paying cheaper rent and the support from their local housing association to maximise their income and savings. With the benefit of an extra 10% gifted deposit from Rentplus when they come to buy their home, this is a real and genuine opportunity for them to realise their aspiration and eventually own their own home, something that would not have been possible for this family any other way.

We turn renters into homeowners.



For more information or to get in touch

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