

WINTER 2024/SPRING 2025

Rentplus turns renters into homeowners

LEARN HOW ON PAGE 2

Rentplus Homes becomes a Registered Provider

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

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How Rentplus works

Working with local authorities, we help prioritise housing for key and essential workers.

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Tenant Data

See the latest stats and figures from our new tenant data.

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TURNING RENTERS INTO HOMEOWNERS



Steve Collins
Chief Executive

RENTPLUS TURNS RENTERS INTO HOMEOWNERS

Just five years after they moved in with no deposit, our tenants are buying the homes they are living in using a high street mortgage, helped with the 10% gifted sum we give them towards their deposit.

As at 31 December 2024, Rentplus has delivered over 700 homes on 45 different schemes in partnership with ten Housing Providers and 29 different Local Authorities.

In July 2024, Rentplus Homes was granted Registered Provider status, giving Rentplus the chance to work with local authorities around the country who struggle to find an RP partner to manage their homes.

INTRODUCTION

We know that saving for a deposit is one of the main challenges to getting on the housing ladder.

USwitch data shows that the average deposit for first-time buyers in England in 2024 was £53,414, up from the £43,693 average the previous year.

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 notes that half of renters – some 2 million households – don't have any savings at all. This rises to three quarters of those in the social rented sector.

This leads to a situation whereby the majority of first-time buyers come from the top two highest income groups, pricing out key and essential workers, including 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 where they live. We know that this is what they want, the aspiration to own has been constant, at around nine in 10 people for many years.

**AVERAGE DEPOSIT FOR FIRST-TIME BUYERS IN
ENGLAND IN 2024 WAS £53,414, UP FROM THE
£43,693 AVERAGE THE PREVIOUS YEAR.**





“WE PROVIDE THE OPPORTUNITY FOR HOME OWNERSHIP FOR THOSE WHO OTHERWISE COULD NOT AFFORD IT.”

TIMELINE

Our first Rentplus tenants moved into their new home in 2016, with no deposit. In 2021, our first planned sales took place with 100% of the tenants planning to buy in year five becoming homeowners. They put the 10% gifted sum from Rentplus with their savings and secured high street mortgages.

With the cost-of-living pressures, that figure has dropped but still remains far, far higher than other government routes to home ownership. Comparable figures for the numbers of Shared Ownership transitions to 100% home ownership are not available as the Government does not collect them.

As last year’s Levelling Up, Housing and Communities Committee reported, only around 3% of shared owners reach 100% ownership each year.

Last year, around 80% of our planned sales at year five were to Rentplus tenants who turned from renters to homeowners, buying 100% of their home.

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.

The Prime Minister is committed to turning the dream of owning a home into a reality; we do this at NO cost to the taxpayer.

There’s no cap on the potential funding and there are millions of pounds of institutional funding waiting to be invested.

HOW IT WORKS

2016

The first Rentplus tenants moved in



2021

100% of our 5-year tenants bought their home



2024

80% of tenants bought at the proscribed time



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 five 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 five yearly intervals. At the start of their tenancy they undergo a financial assessment to

decide which is most realistic, five, 10, 15 or 20 years. If their circumstances change, it is possible to extend their rental period or to bring forward their purchase date.

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

The average annual household income of our tenants using the model is just £33,000. This is almost half the average income of those who used the Help to Buy Equity Loan schemes, both of which had an average income in England of £60,000.

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

“IF YOU ARE A LOCAL AUTHORITY, WORK WITH US AND TURN YOUR LOCAL RENTERS INTO HOMEOWNERS.”



WIDER BENEFITS FOR THE SECTOR

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



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.

“Owning 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 and reduce 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.

“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.”



Our tenants are working families on lower and middle incomes, often key workers. The average age of our tenants is 31, and nearly half have children.

Many of them have said that without Rentplus, they would not be able to buy a home and stay close to their family and work. Rentplus has allowed them to do this.





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 definitions: b) Other affordable housing for rent and d) Other affordable routes to home ownership.

Some 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 enter into a memorandum of understanding with local authorities to endeavour to replace all homes sold with new affordable rent to buy homes, so future generations can also benefit. The majority that have adopted us are now planning multiple schemes. By diversifying the tenure mix and addressing the needs of different parts of the housing market, Rentplus helps boost the delivery rates of new homes.

Rupert Warren KC was asked to provide Counsel's Advice as to whether the Rentplus



model constitutes affordable housing, by reference to definitions set out in Annex 2 to the NPPF.

He had little doubt that the Rentplus model falls within the term "affordable rented".

INJECTING PRIVATE FUNDING INTO AFFORDABLE HOUSING

The Government's ambition to build 1.5 million new homes over this Parliament will not be delivered without Government support in the way of grant, according to the National Housing Federation (NHF), the Home Builders Federation (HBF). We disagree.



But we do agree with the British Property Federation who called for the Government to scale up the levels of institutional investment in affordable housing. This is also supported by Peter Denton, then CEO at Homes England, who said:

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

Peter Denton



Our model is fully funded by institutional investment such as pension funds. It 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.

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 sometimes a tendency amongst 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.

TENANT DATA AS AT 31 DECEMBER 2024

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 remains 31 years of age, under the national average age of a first-time buyer in England, at 34 years old.

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 £13,000 to £78,500.

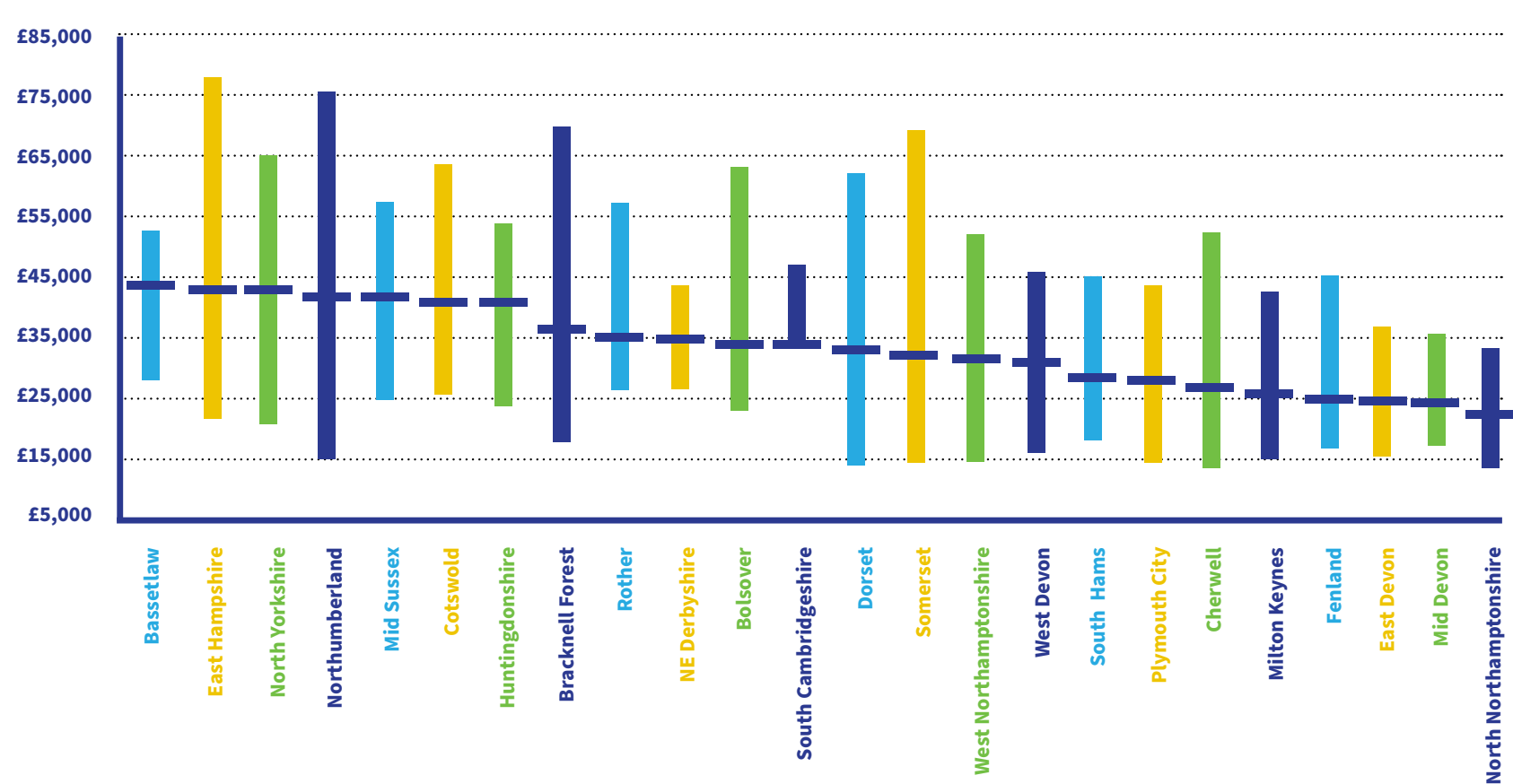
Households can choose a purchase option that best suits their circumstances. For example, lower-income households with no savings may choose a longer 15- or 20-

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 Bassetlaw is £43,330 whereas in North Northamptonshire the average Rentplus household income is £23,749. Overall, the average income of a Rentplus household is £34,700.

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 below 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



TENANT DATA (CONTINUED)

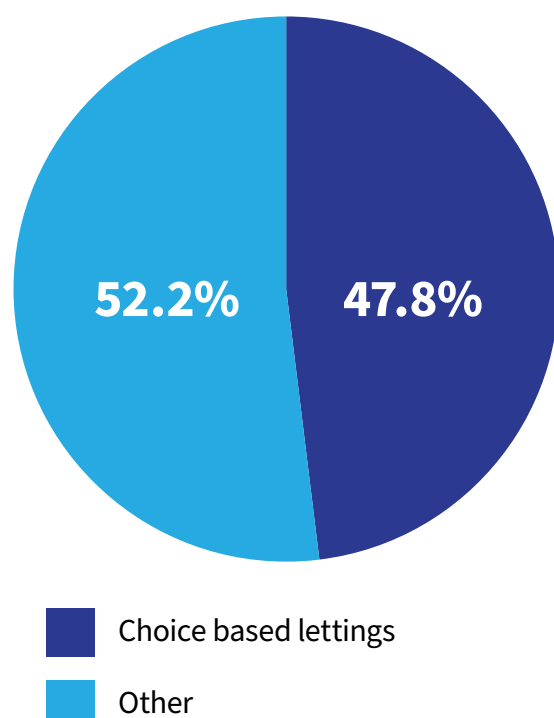
RENTPLUS HELPS REDUCE HOUSING WAITING LISTS



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.

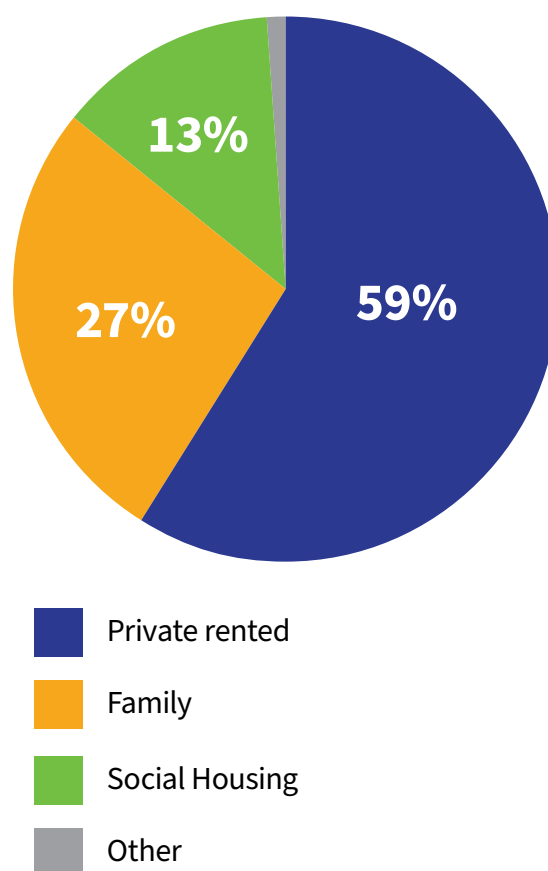
Overwhelmingly Rentplus households come from the local housing lists with 47.8% of households coming via the local Choice Based Lettings schemes; however, in some areas this is as high as 100%.

Fig 2: Rentplus tenants %



WHERE DO RENTPLUS TENANTS COME FROM?

Fig 3: Tenants former housing



59% of our households come from the private rental market and now have a real opportunity to save for their deposits.



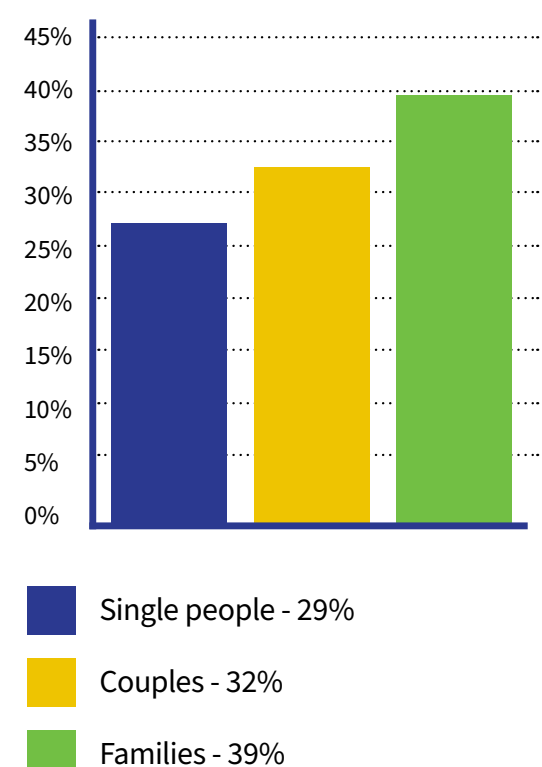
RENTPLUS HELPS FAMILIES

Rentplus also helps families on low or average incomes, largely 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, 11% 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.

39% of our Rentplus properties have provided homes for families with children and 32% 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. The following graph shows the family makeup for Rentplus.

Fig 3: Family makeup for Rentplus tenants



TENANT DATA (CONTINUED)

RENTPLUS PROVIDES HOMES FOR KEY WORKERS

Rentplus breaks down barriers and offers 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.

Residents in Rentplus homes are typically employed, or in education or training. Most 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, providing vital support to our local communities. Other roles include public services, armed forces, education, retail and manufacturing - all vital in our communities.

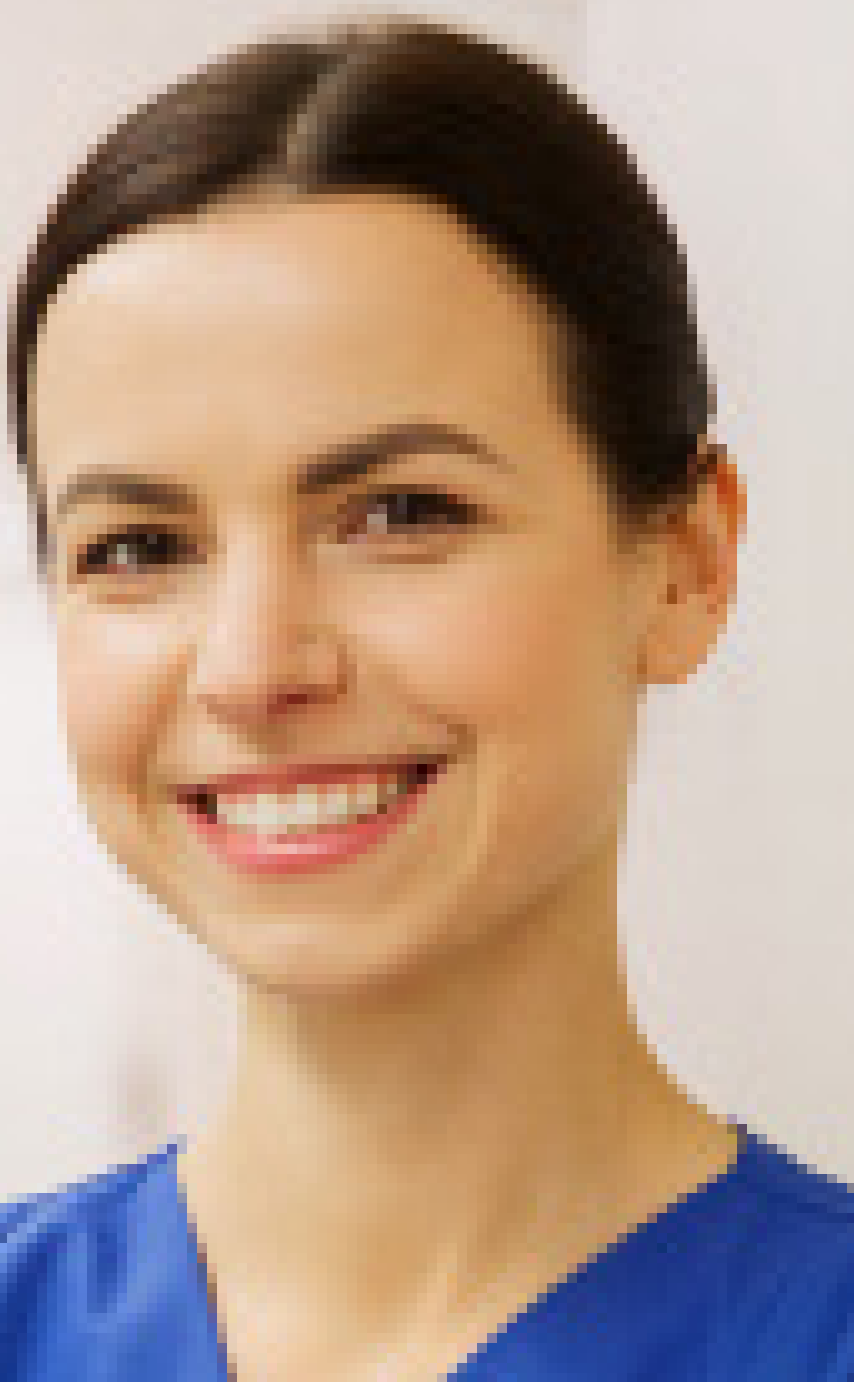
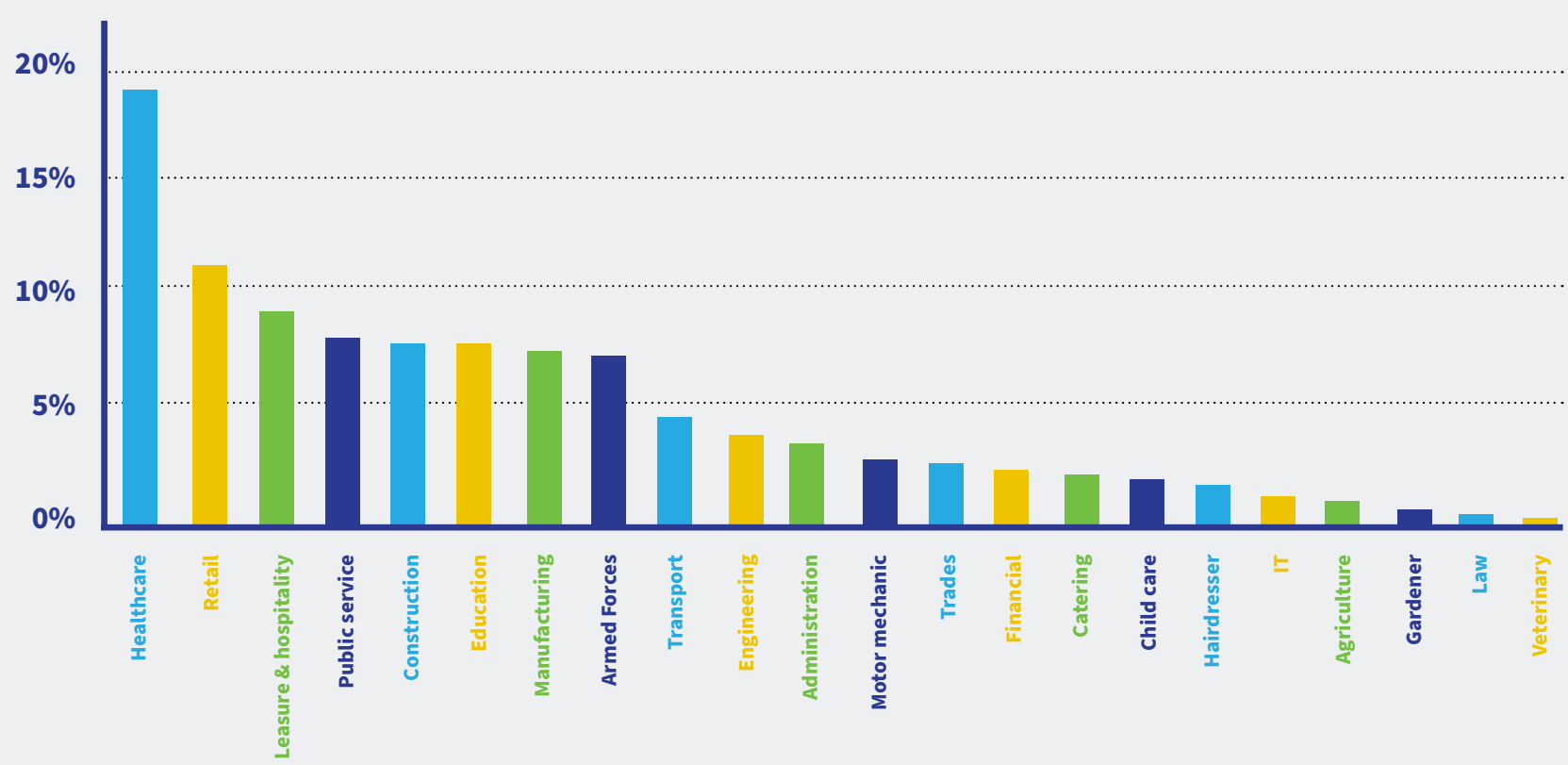


Fig 4: Rentplus tenant occupations %



RENTPLUS HOMES BECOMES A REGISTERED PROVIDER

On 4 July 2024, The Regulator of Social Housing in England granted Rentplus Homes Limited (Rentplus Homes) Registered Provider (RP) status to support its delivery of new affordable rent-to-buy homes across the country.



Due to extremely high demand for the Rentplus affordable rent-to-buy model across England, parent company Rentplus-UK established Rentplus Homes as a provider of affordable housing to manage their portfolio on a national scale.

Working alongside their existing housing partners, Rentplus Homes will help low- and middle-income workers achieve their aspirations for home ownership.



Steve Collins, the CEO of Rentplus-UK, explains: “Whilst RP status is not required through national policy to deliver affordable rent-to-buy, we felt registration would enhance the quality of our affordable housing offer.

“Rentplus Homes’ registration will enable us to deliver in local authority areas that require us to have RP status through their local housing policies.

“We’d like to thank the Regulator of Social Housing for recognising how Rentplus Homes can enhance the affordable housing offer in our communities. Following a thorough registration process, local authorities can deliver the Rentplus affordable rent-to-buy model through Rentplus Homes with confidence, helping us turn local renters into homeowners in their area.

“Rentplus-UK and Rentplus Homes will continue to help local authorities increase the delivery of high-quality social and

affordable housing to ensure local key and essential workers can remain in their communities and continue to contribute to sustainable place making.”

Rentplus Homes is a for-profit registered provider driven by social outcomes. It is fully funded, supported by investors who share this vision. The Rentplus rent-to-buy model offers a long-term solution to the housing affordability crisis in England by removing the principal barriers to home ownership; mortgage affordability and raising the deposit.

Rentplus Homes tenants move into a new build property with no deposit. They rent their home at up to 80% of open market rent inclusive of all service charges. After a period of 5, 10, 15 or 20 years they have the option to purchase their home with a gifted 10% deposit.

As at the end of 2024, around 80% of the Rentplus tenants due to buy the home they were living in purchased their home at

the appointed time (year 5), fulfilling their aspiration of becoming homeowners by obtaining high street mortgages to buy 100% of their home.

Collins continued: “Rentplus-UK Ltd will continue to build relationships with our existing housing provider partners. However, Rentplus Homes gives us the opportunity to work with developers and councils across the country in areas not currently served by an existing housing partner or where the local authority requires RP status through their local housing policies.”

Having registered provider status will enable more working people on lower incomes across

the country to realise their dream of owning their own home.

Rentplus Homes is committed to being a leading housing provider, delivering the best service to our tenants.

TENANT SATISFACTION MEASURES

Our Tenant Satisfaction Measures (TSM) survey reveals that across essential categories including overall satisfaction, repair services, maintenance, safety, communication, fairness, and community

contributions, Rentplus Homes surpasses the housing industry standards.

Notably, our overall satisfaction score is a market leading 90%, compared to the industry average of 72%. Which is very impressive for such a new housing provider.

New Tenant Satisfaction Survey data for 2024 will be published in Spring 2025.





For more information or to get in touch

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* Figures from the English Housing Survey 2023