

## **BUILD TO RENT IN GREATER CAMBRIDGE**

Across the UK there has been a long-term shift towards private renting in the 21st century. Private rental is a particularly big sector in Cambridge, constituting over 25% of the market compared to a national average of just over 16% at the 2011 census. Affordability is one significant factor behind the shift towards renting, and average house prices in Cambridge are some of the highest in the country at 14.8 times the annual salary of residents<sup>1</sup>. The growth in private renting is also being driven by demographics and structural changes to lifestyle choices. This is particularly the case in Cambridge which is a city that expects a higher-than-average transient population as people move to the city (often from around the world) to work or study for a set period of time.

Unless suitably provided for the growth of private renting in the city comes with a risk that we will see an increased prevalence of overcrowded or sub-standard housing provision in the city, where housing is re-purposed for rental rather than built for rental. Build to Rent is purpose-built, institutionally owned and professionally managed private rental accommodation. It is a growing sector across the UK, there are now 212,177 Build to Rent homes across the country, which have been [plotted on a map](#) by the British Property Federation.

In 2021 the Greater Cambridge Housing Strategy adopted a Build to Rent Policy in order to include this within a more diverse range of housing supply. As several examples of schemes are now coming forward in the area, we examine the fundamentals of Build to Rent and find that there are many benefits to be had to the delivery of the Councils' aim to increase provision.

### **Who lives in Build to Rent?**

32% of residents earn between £19-32k per year and 21% earn £32-44k (based on individual incomes not household)<sup>2</sup>.

Residents tend to be younger – over 70% of Build to Rent residents in England are aged below 35<sup>3</sup>. They tend to be young professionals - renters who value convenience and favour apartments in vibrant locations that place them close to both their jobs and nightlife<sup>4</sup>.

There is evidence from other cities that, on average, half of tenants move to Build to Rent from within a 5-mile radius<sup>5</sup>. This suggests that greater provision of Build to Rent could free up other private rented sector (PRS) accommodation in the city region.

### **Can Build to Rent help to accelerate housing delivery in the city?**

Build to rent units are not subject to the same absorption constraints as housing for market sale so they can accelerate housing delivery on individual sites.

### **Can Build to Rent help to improve the quality of private rented accommodation in the city?**

There is a longstanding challenge around sub-standard quality provision in the PRS. In 2019 it was estimated that across England 23% of PRS homes did not meet the Decent Homes Standard, around 1.1 million homes<sup>6</sup>.

Build to Rent accommodation offers a high-quality renting experience that is well managed with rapid repairs and maintenance, often with communal spaces for socialising, as well as on-site staff and security. It can be an attractive offer for residents when compared to the more traditional buy to let system, where housing is often re-purposed for rental rather than built for rental and where there can be problems resolving issues with individual landlords.

---

<sup>1</sup> Centre for Cities, [Cities Monitor](#) (2020)

<sup>2</sup> [Who lives in Build to Rent? An analysis of Build to Rent occupancy across England](#), Nov 2021, Pg. 10

<sup>3</sup> [Who lives in Build to Rent? An analysis of Build to Rent occupancy across England](#), Nov 2021, Pg. 6

<sup>4</sup> Savills, [UK Build to Rent Market Update](#)

<sup>5</sup> Savills, [UK Build to Rent Market Update](#)

<sup>6</sup> House of Commons Library, [Housing conditions in the private rented sector \(England\)](#), June 2021, Pg. 7

### **Will Build to Rent undermine the councils' aspirations around place shaping and creating communities?**

The Build to Rent sector is focussed on generating income over the long term so it is in the interests of all parties to create great places to live where people want to stay. The single ownership of the building and associated public spaces makes them much easier to manage so they are maintained at a higher quality. "Build to Rent operators, and those who ultimately own the building, rely on the strength of their reputation and brand and this is directly associated with the quality of the homes and the places they create and maintain."<sup>7</sup>

Data from the PRS as a whole suggests more security than we might immediately think. 76% of private renters said that their last tenancy ended because they wanted to move and private renters had lived in their accommodation for 4.3 years on average. However, around 8% of private renters who moved to another property in the PRS were asked to leave by their landlord, the most common reason for this being because the landlord wanted to sell the property – an issue which tenants wouldn't encounter living in Build to Rent<sup>8</sup>.

### **If Build to Rent schemes are only able to provide 20% Affordable Private Rent housing, could this compromise the councils' Local Plan commitments to providing 40% affordable housing?**

Industry feedback indicates that investors recognise and support the desire to deliver models that offer more affordable rented properties rather than high-end projects. Build to Rent, and the Affordable Private Rent component, should be seen as part of a diverse housing mix in Greater Cambridge, alongside and complementary to the essential provision of Social/Affordable Rent. The Council have identified that there is a gap in provision for housing for those unable to access social or affordable rent housing, but who also find it difficult to afford the existing private rental market. Affordable Private Rent can help to meet the needs of this group who are otherwise underserved and can end up spending significantly more than 35% of their net income on housing costs, thus eroding their quality of life.

As set out within National guidance and translated into the Greater Cambridge Housing Strategy, 20% is generally a suitable benchmark for the level of Affordable Private Rent homes to be provided in any Build to Rent scheme. The Councils have set this as the minimum they will seek to achieve and stated that they will look for a higher percentage than this where possible. Where Build to Rent is part of a major multi-tenure site or wider development area 40% affordable housing will be required across the whole development area.

### **Who can access the affordable units and how can we ensure they remain affordable into the future?**

Affordable Private Rent is required under the National Planning Policy Framework to be provided as community benefit in perpetuity.

As set out in the Greater Cambridge Housing Strategy, criteria around issues such as eligibility and rent setting need to be agreed with the relevant council and councils should be involved in eligibility for all units that are let as affordable private rent. Eligibility should be determined with regard to local household income levels, related to local rent levels.

In summary Build to Rent can:

- Provide purpose-built and professionally managed rental accommodation in a market where housing costs and lifestyle choices are driving a long-term shift toward the PRS.
- Be an attractive option for young professionals who typically earn less than £44k.
- Accelerate overall housing delivery in the city by increasing the market absorption rate.
- Create great places to live by offering high-quality, well-maintained homes and neighbourhoods to live in.
- Deliver Affordable Private Rent to meet an identified gap in provision of housing for those who also cannot afford the existing private rental market.
- Provide affordable units guaranteed in perpetuity and with council involvement in agreeing eligibility.

<sup>7</sup> [Build to Rent Market Strategic Overview and Summary of Site-Specific Appraisals](#), P.25

<sup>8</sup> MHCLG, [English Housing Survey Private Rented Sector, 2019-20](#)