

APPENDIX A

ANNEXES TO THE GREATER CAMBRIDGE HOUSING STRATEGY

Build to Rent policy

Purpose

1. This policy outlines the approach that the councils will take around the development of new, purpose-built homes for rent. It will be a material consideration in making planning decisions. It will form an annexe to the Greater Cambridge Housing Strategy 2019-2023, and will help to inform how Build to Rent is dealt with in the emerging Greater Cambridge Local Plan and in any future relevant Supplementary Planning Document.

Introduction

2. Build to rent is defined in the [National Planning Policy Framework](#) as:

‘Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.....affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).’

3. Build to Rent and Affordable Private Rent, as types of private rented sector housing, are different from Social and Affordable Rent homes provided by councils and other registered providers specifically for applicants on the councils’ housing registers. Build to Rent, together with provision of Affordable Private

Rent, is generally funded by commercial investors seeking a long-term rental income.

4. [National guidance on build to rent, 2018](#), states that local planning authorities should use a local housing need assessment to take into account the need for a range of housing types and tenures in their area, including provision for those who wish to rent. If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent, recognising the circumstances and locations where build to rent developments will be encouraged.
5. The Greater Cambridge Housing Strategy supports the development of purpose built private rented housing to help provide additional housing choice and to help accelerate the delivery of new homes. This Build to Rent policy gives more detail on what the councils expect from new developments coming forward.
6. The affordable housing requirement on Build to Rent schemes detailed in this policy does not change the overall requirement for 40% affordable housing on major multi-tenure development sites as set out within the councils' Local Plans. (Major housing developments are defined in the National Planning Policy Framework as where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more).
7. The policy has been informed by the National Planning Policy Framework and Guidance, together with recent research on Build to Rent commissioned jointly by the two councils (these being "Savills: The Build to Rent market in Greater Cambridge and West Suffolk, June 2020" and "Arc4: Market demand appraisal reports, and Build to Rent Market Strategic Overview and Summary of Site-Specific Appraisals (draft) 2020"). Implementation of the policy will also take into account any subsequent relevant research, including work to identify housing needs of specific groups which is currently under way to inform a new Greater Cambridge Local Plan.

What this policy covers

8. There is no single model for Build to Rent schemes, and sizes of schemes can vary. They can be stand-alone schemes – for example in infill areas – or blocks/phases within larger development areas planned or being brought forward for development. In the context of the National Planning Policy Framework and the councils' wider objectives, this policy applies to schemes which:
 - 8.1. Provide good quality homes, designed and built specifically and entirely for rent (excluding conversions);
 - 8.2. Are held as Build to Rent under a covenant of at least 15 years;
 - 8.3. Offer tenancies of three years or more to all tenants who want them;
 - 8.4. Are professionally managed stock in single ownership and control; and
 - 8.5. Are expected to include appropriate provision of affordable housing.
9. It does not cover stock built for sale where a developer/investor or registered provider decides to retain a number of the homes for use as private rented stock. It also does not cover for-sale homes that are purchased on completion of a private for sale scheme.

Policy

10. An appropriately balanced mix of property sizes will be required in any scheme, taking into account profile of demand, to help support the councils' aspirations around place shaping and creating mixed and balanced communities.
11. The councils may require **Build to Rent** schemes on major **multi-tenure development sites** to be spread out across the development in small groups. They may also require a limit on the size of scheme and/or the proportion of Build to Rent homes provided in a particular location.
12. Quality of schemes is important; particularly environmental standards in line with the councils' Sustainable Design and Construction Supplementary Planning Document. National space standards will also apply, as will the relevant local authority's Local Plan, **other planning policies and area specific requirements in**

relation to a range of issues, including high quality design, amenity space, car & cycle parking, accessibility standards and biodiversity net gain. The Greater Cambridge Housing Strategy also provides information on quality requirements.

13. Some internal and/or external communal space and/or in-house amenities are expected to be provided in Build to Rent schemes, including work-space provision which should be available for use by both market and Affordable Private Rent tenants. Design also needs to take into account likely frequent movement of furniture and belongings through communal areas. Public open space around Build to Rent schemes should, where appropriate, add to the amenities available to the wider community to encourage wider social interaction.
14. A single management company or operator will be expected to manage the whole Build to Rent scheme, including providing an appropriate level of daily on-site management. We would expect the management company to also work alongside other local community development provision as appropriate to support cohesion between Build to Rent residents and the wider community.
15. A robust market report will be needed to clearly demonstrate how any scheme would meet local need and demand. Information will also be required on how schemes and management will support the place-shaping agenda.
16. The affordable housing contribution, as a long-term benefit in perpetuity, will normally be expected to be provided on-site where it is necessary to build or contribute to a mixed and balanced community, as Affordable Private Rent or through other affordable tenures where part of a wider multi-tenure development. Although there may be circumstances where the councils consider an equivalent financial contribution to be more appropriate to be invested in affordable housing elsewhere; for example where this would achieve a better overall mix of tenures.
17. A minimum of 20% homes in Build to Rent developments of 10 or more homes will be required to be provided as Affordable Private Rent, subject to paragraphs 15 above and 31 below. This is a minimum and the councils will seek to achieve a higher percentage than this wherever possible.

18. All the Affordable Private Rent homes must be constructed and managed to the same high-quality standards as the market rent homes. They must be tenure-blind and physically indistinguishable from the market homes in terms of design, quality, size and location on the site, **and access to and payment for services & utilities**. In the case of apartments, different buildings for different tenures will not be acceptable.
19. Affordable Private Rent homes must be provided at a minimum discount of 20% relevant to local market rents, and be affordable and available to households on a range of incomes who would struggle to rent or buy locally on the open market. In setting rent levels regard should be had to the councils' Greater Cambridge Housing Strategy and Setting of Affordable Rents policy. **This is a minimum discount, and the councils will seek to achieve a higher percentage discount wherever possible.**
20. There should be clear arrangements for setting and reviewing rents **for both the market and affordable homes**, providing some certainty to applicants from the outset about how rent levels are likely to change. Rental discounts for the Affordable Private Rent homes should be reviewed on the same basis as rents for market homes.
21. The councils may want particular groups to be given some priority for the Affordable **Private** Rent homes; local workers on developments close to areas of employment for example.
22. For Affordable Private Rent homes, criteria around issues such as: eligibility; rent setting and review; marketing; monitoring; and clawback and other arrangements should units be decommissioned at any time, will need to be agreed with the relevant council.
23. The section 106 agreement will need to include a monitoring and review mechanism covering the option for post-occupation trade-off between the number

of Affordable Private Rent units and the rental discount offered on them should future circumstances justify a higher level of discount.

24. Changing of Affordable Private Rent to another tenure may be permitted in some circumstances. For example, one-for one swaps between market and affordable; where a trade-off is agreed with the council between the number of Affordable Private Rent units and the rental discount offered on them; or where it is clearly impracticable to continue to retain the dwellings as Affordable Private Rent.
25. A clear exit plan will need to be agreed with the council through the section 106 in case some or all of the market and/or affordable homes are decommissioned in the future, with agreed clawback arrangements in place.
26. Tenancies of at least three years should be offered, and preferably longer.
27. All tenants (market and affordable) should be given the opportunity to renew their tenancy at the end of their tenancy period, with tenant-only tenancy break clauses in place allowing a month's notice any time after the first six months. This should apply during the overall covenant period as a minimum.
28. No-one should be excluded on the basis of being in receipt of state benefits; and mechanisms should be in place for support to be available if a tenant falls into financial difficulties.
29. Introduction packs are expected to be provided for all new tenants.
30. A covenant period of at least 15 years will apply to the market homes. Longer covenants of up to 25 years or more **will be sought wherever possible**. A valuation of both the market and affordable units will be required as part of the s106 agreement to enable the level of clawback to be calculated should the covenant be broken.
31. Valuation for viability purposes should be in line with up to date nationally recognised guidance for Build to Rent.

32. On **major** multi-tenure developments or as part of larger development areas, viability should form part of the wider viability assessment covering the whole development area. As part of this, 40% of the homes across the whole development will be required to be provided as affordable housing with the Affordable Private Rent or other Build to Rent affordable housing contribution contributing towards the 40%.

33. Any potential trade-off between complying with all the policy, **Local Plan, other planning policies and area specific** requirements, and keeping rents, including service charges, at reasonable levels which are affordable to households on a range of incomes, will need to be negotiated with the council, providing clear evidence of why those requirements cannot be met.

Justification for policy

Strategic context

34. This policy is set within the Greater Cambridge Housing Strategy's long-term vision and objectives, which in turn reflect the broader priorities of the two councils. In particular it will help to: promote health and well-being; support the local economy; and reduce carbon emissions and promote environmental sustainability **and biodiversity**, through:

- a) The creation of mixed, balanced, inclusive and sustainable communities;
- b) A mix of homes to meet a range of needs, including affordable housing;
- c) High quality homes, built to high sustainability standards, with built-in resilience to climate change and fuel poverty, which can help with the councils' aspirations to achieve zero carbon status **by 2030 in Cambridge City and 2050 in South Cambridgeshire**;

d) Improving biodiversity and providing access to high quality public spaces and to the natural environment,

e) Creating links between housing and local employment, helping to reduce reliance on private car journeys and promoting active travel, including through walking and cycling.

35. The government website gives some guidance as to what constitutes a material consideration in dealing with planning applications. The relevant council will decide on the weight to be given to the policy at the time and taking into account the particular circumstances.

The potential pros and cons of Build to Rent schemes

36. The councils recognise the importance of taking a positive approach to Build to Rent, and many of the benefits that well-designed and well-managed schemes can bring, including:

a) Helping accelerate delivery on new sites, with Build to Rent not being subject to the same absorption constraints as housing for market sale.

b) Helping support the economy. For example, it is estimated in a report from the British Property Foundation (Build to Rent: Unlocking the potential of an emerging sector) that for every 500 Build to Rent units approximately 15 jobs are created (including concierge, estate management, building management, cleaners, maintenance and gardeners).

c) Providing more consistent quality of management than is available across the private rented sector as a whole.

d) Offering longer tenancy agreements and greater tenure certainty than is generally available in the private rented sector.

e) Enabling people to live in the area who may be unable to purchase locally on the open market, or for whom renting is the preferred option.

- f) Providing more choice for house-sharers who seek alternative, high quality rented housing, which in turn may help to free up homes which could otherwise be made available to families.
- g) Providing the opportunity to deliver an element of affordable housing for rent at below market rents for people who would be unable to afford to buy or rent on the open market.
- h) Opportunities to accelerate occupation on larger sites. Also to start building communities within schemes, which can in turn contribute to shaping the wider community once further homes are built, subject to appropriate community infrastructure and a good internal customer-focused service being in place.
- i) Providing opportunities also to contribute to the sharing economy and reduce carbon emissions through transport and environment options which promote active travel (including walking and cycling).

37. However, the councils are also mindful that Build to Rent has the potential to present some challenges, particularly in relation to place-shaping and ensuring the provision of mixed, balanced and sustainable communities. With Build to Rent being relatively new in the UK, there is limited understanding of its community and place-shaping impacts. Therefore it is important that any potential risks are mitigated from the outset.

38. These may include:

- a) A sharp increase in new residents over a short period of time. For example, at an early stage of a larger development where minimal infrastructure is in place, or where schemes are brought forward in areas which already have an established population.

- b) Large concentrations of rental accommodation, of similar size and type of property aimed at specific target groups, may make it difficult to create balanced and mixed communities.
- c) Higher turn-over of residents than in most other tenures, again in the context of large, high density schemes, may limit residents' long-term commitment to or integration with the wider community.
- d) The success of schemes being dependent on the quality and control of the management company, with potential negative impacts on the wider community **if management standards were to slip in the future**; for example in relation to community safety and anti-social behaviour if management standards are not sufficiently high.
- e) The tension between providing high quality homes and management services and keeping rents, **including Affordable Private Rents**, at affordable levels. For example, in an article from JLL called "[Will tenants pay more rent for amenities?](#)" it is estimated that Build to Rent schemes in London are, on average, achieving a rental premium of 11% over their respective local markets.
- f) A tendency for most Build to Rent schemes to offer a lower proportion of affordable housing than in other types of development, and potentially less control for councils as to who is eligible for the affordable homes compared with schemes providing an element of social/affordable rent housing. This is of particular concern in an area where housing affordability is a significant issue for many.
- g) Impacts on the wider community that can arise from sub-letting of homes if permitted **or if tenancy conditions are not enforced**, including short-term weekend/holiday lets. Again, these may include anti-social behaviour and community safety issues.

- h) Risks around what happens to a development if it is later decommissioned as a Build to Rent scheme and the homes are no longer actively managed

39. This policy aims to take a balanced view; on the one hand encouraging appropriate provision of Build to Rent schemes to meet local housing need, and on the other hand trying to ensure that any potential negative impacts are minimised.

Evidence of demand

40. The councils' Housing Strategy clearly identifies significant housing affordability issues in Greater Cambridge. There is high demand for private rented housing locally, as evidenced by high private rents and a lack of privately rented accommodation in the more rural areas. Research has been commissioned to get a better idea of the extent of this need to help inform the emerging joint Local Plan.

41. [Cambridge sub-region Housing Market Bulletin July 2020 data](#) shows there is a large private rental market in Cambridge, with a lower prevalence of private renting in the mainly rural area of South Cambridgeshire.

42. Median rents in South Cambridgeshire are shown in the [Cambridge sub-region Housing Market Bulletin July 2020 data](#) to be higher than in the rest of the Cambridge sub-region, and rents in Cambridge City are considerably higher than the national and local sub-regional average.

43. With a wide range of different types of homes available, the quality of existing private rented accommodation is inevitably mixed; and although the vast majority of private rented housing locally is well managed there is a small minority which is not. The councils are interested in widening the choice of good quality, well-managed homes available for the rental market. Supporting the local economy, and reducing reliance on private vehicle travel through good quality public transport and active travel links through well-located Build to Rent schemes are also very important.

44. Research commissioned by the councils through Savills uses the Experian Mosaic profiling model as an example of identifying the sorts of households with a high propensity to rent across Greater Cambridge. It identifies the main groups likely to make up the market, which mainly comprise of younger singles or couples without children on a range of incomes, including some sharer households. However, there may also be other groups for whom Build to Rent may help to provide a housing solution, across all age groups. For example older people, in the context of an ageing population, the ability to free up existing family homes, and a growing interest for some in that group in renting privately. Families may also benefit from a good quality rental offer.

45. Whatever profiling model is used, a market report will be needed to demonstrate how a proposed scheme would meet local need and demand. The councils will consider this alongside other appropriate available evidence.

46. Research commissioned by the councils through Savills and Arc4 (referred to in paragraph 7 above) shows investors are already showing a keen interest in bringing forward Build to Rent schemes in Greater Cambridge, and suggests a market for a good quality private rental product, including an element of Affordable Private Rent. This includes likely demand on at least three of the large strategic sites within Greater Cambridge: North East Cambridge, Waterbeach New Town, Northstowe, and Bourn Airfield New Village.

Design and Distribution of Build to Rent schemes

47. The councils recognise that the more units in a scheme the more potential there will be for investors to make a return on their investment. However, creating successful places and promoting mixed and balanced communities are high priorities for both councils, as demonstrated in the councils' Local Plans and other area-specific policies, so any planning applications must evidence how the scheme will support the place-shaping agenda.

48. Any decision by the relevant council to limit the size of a **Build to Rent** scheme or the proportion of homes on a new development to be provided as Build to Rent would be made **on a case by case basis** in the context of issues such as housing need, potential community impacts, and to ensure an appropriate balance with other tenures within an overall development and the surrounding area. This will also help to maximise the overall amount of affordable housing on a site in the context of the 40% affordable housing requirement in the councils' Local Plans.
49. The requirement to avoid large mono-tenure clusters of Build to Rent homes **conforms with the councils' Local Plan and Housing Strategy requirements around providing a balanced mix of housing sizes, types and tenures, and reflects** the approach being taken in the councils' Clustering and Distribution of Affordable Housing policy **that is also an Annexe to the Housing Strategy.**
50. Quality of schemes and management is important to the councils and also in contributing towards the councils' environmental sustainability and place-shaping objectives. The councils' Local Plans **include a whole range of requirements which will also be applicable to Build to Rent schemes; and Build to Rent schemes will also need to be considered in the context of additional site specific planning policies, such as local Supplementary Planning Documents or Area Action Plans. Examples of such requirements may include: housing densities; policies around design quality; space and accessibility standards; recognising the wider area context; provision of local amenities; car & cycle parking; environmental requirements; sustainable transport; biodiversity and provision of green space.**
51. Providing appropriate external communal space and/or in-house amenities which are available to all residents is also important; and design of communal areas needs to take into account likely frequent movement of furniture and belongings. As with other forms of affordable housing, the councils will want to ensure that the Affordable Private Rent homes are constructed and managed to the same high-quality standards as the market rent homes. This includes being tenure-blind and physically indistinguishable from the market homes in terms of design, quality, size and location on the site.

Size of homes required

52. Research evidence referred to above suggests a current potential demand mainly for 1 and 2 bed homes, but also some larger homes (such as to cater for sharers or family households), although this could change over time.

53. Houses in Multiple Occupation (HMOs) as part of a Build to Rent scheme may be appropriate in some circumstances as part of a wider mix if they help to create a more balanced community, although this may depend on the existing provision of HMOs in the area and the extent to which other larger homes on a development might be reasonably expected to become HMOs at a later date. Any HMOs will be required to meet minimum space and accessibility standards. Sufficient private space must be incorporated into the design.

Provision of affordable housing (Affordable Private Rent)

56. The Greater Cambridge area clearly faces significant housing affordability issues. The provision of Affordable Private Rental options in new developments at below market rent levels can help to address these issues and create a balanced community.

57. National guidance states that 20% is generally a suitable benchmark for the level of Affordable Private Rent homes to be provided in any build to rent scheme; although there is the potential for this to be varied. Affordable Private Rent is required under the National Planning Policy Framework to be provided as community benefit in perpetuity.

58. Our Greater Cambridge Housing Strategy identifies a gap in provision for housing for those unable to access social or affordable rent housing, but who would also find it difficult to afford the existing private rental market. It is important that rent levels take account of local incomes, with 35% of net income considered reasonable to be spent on housing costs in line with our current Strategy.

59. There is a risk that if Build to Rent schemes are only able to provide 20% Affordable Private Rent housing in line with national guidance this may compromise the councils' Local Plan commitments to providing 40% affordable housing. Therefore, the councils will seek a higher percentage of affordable housing wherever possible. Where Build to Rent is part of a larger multi-tenure site or wider development area, 40% affordable housing will be required across the whole site/development area. As such, the Affordable Private Rent provided will be expected to contribute towards the overall requirement with a split between Social/Affordable Rent and intermediate tenures in line with Housing Strategy requirements. The councils recognise there may be challenges to achieving this; including viability issues and ensuring that rents remain at reasonable levels. Reasons for any deviations from this policy will need to be clearly justified.

60. Switching of tenure of individual units may be appropriate once an individual's tenancy comes to an end, in response to demand at the time, provided the agreed overall balance of market and Affordable Private Rent is broadly maintained across the scheme, and the Affordable Private Rent units remain appropriately distributed across the scheme.

Affordable Private Rent eligibility and rent setting

61. The National Planning Guidance on Build to Rent states that eligibility for occupying the Affordable Private Rent homes should be agreed locally between the local authority and the scheme operator, with regard to criteria set out in planning guidance. Local authorities are expected to take a reasonable position in negotiating criteria and eligibility should not constitute grounds for refusing planning permission.

62. The National Planning Policy Framework and guidance also require Affordable Private Rent levels to be set at least 20% below local market rents, including any service charges, for the same or equivalent property. Eligibility for Affordable Private Rent should be determined with regard to local household income levels, related to local rent levels.

63. As stated above, based on current evidence the councils will expect developers to demonstrate that Affordable Private Rent homes will be affordable and available to households with a range of incomes who would struggle to rent or buy locally on the open market. To achieve this, **the councils will seek a higher discount than 20% wherever possible**, and some properties (such as larger ones) may require a higher percentage discount than others.
64. In line with government guidance, discount from market rent is expected to be calculated at the point at which a home is rented out, or when the tenancy is renewed. Discounted rents are expected to be reviewed on the same basis as rent increases for market homes.
65. The councils may wish for some priority to be given to applicants for other reasons in addition to income levels. For example: awarding some priority to people working in the local area; **to applicants on the councils' housing registers or with specific needs where appropriate**; or to people already living in the area or who have local family connections.
66. They may also wish to seek a proportion of the Affordable Private Rent homes to be tethered to local employment/apprenticeship schemes where appropriate, or to meet other local needs, based on local circumstances.
67. Our **Housing** Strategy identifies homelessness as a serious problem for both councils, with homelessness prevention a key priority. Ensuring that neither applicants nor existing tenants are excluded from being eligible or from remaining a tenant on the basis that they are in receipt of state benefits, and that support is available for tenants who fall into financial difficulties, will go some way to help prevent homelessness amongst applicants and residents.
68. The councils will work with developers on a bespoke agreement covering issues such as eligibility, setting and reviewing of rents, and how the

Affordable Private Rent homes are to be marketed, having regard to national planning guidance.

Tenancies (market and affordable homes)

69. Tenancies in the private rented sector tend to be for 6-months, although many will be renewed after that period. Evidence suggests that although some residents may only want short tenancies, there may also be demand for longer ones. The [English Housing Survey 2017-2018](#) reported that nationally private renters had lived in their current accommodation an average of 4.1 years. Around a quarter had lived there for less than one year, but with a similar proportion having lived there over 5 years.

70. Minimum 3-year tenancies for all new tenants who want one, together with tenant-only break clauses, and the opportunity to renew the tenancy at the end of the tenancy period, should allow tenants choice and a sense of security around how long they can remain.

Scheme management

71. Quality of management by a single management company or operator is key to minimising any community risks that might arise from Build to Rent schemes, and ensuring that schemes are well-integrated into the community.

72. An appropriate level of daily management, including an on-site presence should help ensure prompt resolution of any issues or complaints that may arise. It should also help support community development work across the wider area, to help promote cross-tenure community cohesion and interaction.

73. Providers will also be expected to demonstrate how they will prevent or at least mitigate any risks surrounding short-term sub-letting, including through enforcement of tenancy conditions. The need for introduction packs for all tenants, and the process for managing and monitoring the Affordable Private

Rent units will need to be covered by the s106 agreement; with an agreed management plan in place before any of the homes are let.

Future decommissioning of schemes

74. The council recognises that Build to Rent investors will most likely want to retain schemes for the long term in order to get a good long-term return on their investment. However, there always remains the risk of schemes being decommissioned as rental schemes – for example if demand reduces or if an investor decides to pull out of the market.
75. The councils also recognise that unreasonably onerous exit clauses, giving insufficient flexibility to respond to market conditions, may prevent Build to Rent schemes from coming forward. Our research has identified that planning consents typically include a covenant period in the s106 which may be as short as 7 years, is typically 10-15 years, but may be longer. **The covenant provides a legal agreement that the homes will remain as Build to Rent during the covenant period, with compensation payable to the council should the market homes be disposed of or converted to another tenure during that period.**
76. Policy requirements around covenant periods and the need for an exit plan reflect the high priority that both councils give to the issue of community sustainability and place-shaping. **The councils will seek to achieve** covenants of longer than 15 years **wherever possible, and also where** appropriate to address potential long-term implications; such as where a scheme is coming forward in the earlier stages of a much wider **multi-tenure** development which may take a number of years to build out.
77. One for one swaps of units between market and affordable homes would be acceptable, provided the Affordable Private Rent units remain appropriately distributed across the scheme and are replaced within a reasonable period of time.

Decommissioning of Affordable Private Rent

78. The councils recognise the necessity of Affordable Private Rent homes being provided as a **long-term** community benefit in perpetuity. The policy aims to ensure that appropriate clawback arrangements are in place should some or all of the dwellings cease to be provided as Affordable Private Rent; with the clawback to be reinvested in further provision of affordable housing in the area.

Monitoring of Affordable Private Rent

79. The councils will want to monitor the arrangements put in place for the Affordable Private Rent homes. This is likely to cover issues such as: how lettings have met eligibility requirements; rent levels and affordability; occupancy levels; location of the homes across the development; marketing arrangements; **equalities monitoring; management arrangements**; and how the scheme is meeting the overall affordable housing level required in the planning permission. National guidance suggests this should be required by the s106 agreement in the form of an annual statement to authorities.

Viability

80. Valuation guidance for Build to Rent is set out by RICS in Valuing residential property purpose built for renting (1st edition 2018).

81. It is recognised that the viability challenges for Build to Rent schemes may be different compared with bringing forward homes for market sale. However, it is also important that the councils meet the objectives laid down in the policy. Therefore any potential trade-offs between different elements of the policy on viability grounds will require clear evidence of why the full requirements cannot be met.

82. The requirement for Build to Rent viability assessments on larger sites to form part of the wider **multi-tenure** site or area assessment stems from the councils' commitments to achieving 40% affordable housing wherever

possible on new developments together with the necessary infrastructure required to support successful communities.

Equalities

83. This policy helps to ensure that as wide a range of people as possible are able to benefit from Build to Rent housing, including affordable housing provision for those unable to afford to rent or buy on the open market.

84. It also promotes community integration between market and affordable homes, and aims to help minimise travel costs by considering local workers as potentially being given some priority for Affordable Private Rent homes.

85. It recognises the potential demand for rented housing for older people, and requires Local Plan accessibility standards to be met to support older and disabled people.

86. An Equalities Impact Assessment has been carried out on the policy, available on Cambridge City Council and South Cambridgeshire District Councils' websites.

Clustering and Distribution of Affordable Housing Policy

Purpose

1. This policy sets out the requirements of both South Cambridgeshire District Council and Cambridge City Council with regards to Clustering and Distribution of Affordable housing **on new developments**. This policy covers how Social Rent, Affordable Rent and Shared Ownership **should be clustered and distributed in relation to other tenures, and how sizes and types of affordable homes should be grouped together**. It does not specifically cover Discount Market, Rent to Buy, or Build to Rent because ultimately they will be market homes **but it does include how Social Rent, Affordable Rent and Shared Ownership should be placed in relation to those other intermediate tenures and to private market homes**. The policy should be used to help guide applicants to submit successful planning applications and will be a [material consideration](#) in making decisions on applications.
2. This policy is set within the Greater Cambridge Housing Strategy's long-term vision and objectives, which in turn reflect the broader priorities of the two councils. In particular it will help to promote health and well-being and tackle inequality through the creation of mixed, balanced, and inclusive communities.
3. This policy builds on the existing Greater Cambridge Housing Strategy published in April 2019 and will form an Annexe to that document. It supersedes the Cambridge City Council Affordable Housing Supplementary Planning Document 2008 and South Cambridgeshire District Council Affordable Housing Supplementary Planning Document 2010 regarding clustering.

Key Principles

4. Both Cambridge City Council and South Cambridgeshire District Council are keen that new developments will provide mixed, balanced, and sustainable communities; therefore, to facilitate this they seek, wherever possible, fully

integrated mixed tenure housing schemes with support given to acceptable levels of clustering and ensuring that the affordable housing is dispersed appropriately across the whole development.

5. Clusters of affordable housing should contain a mix of affordable tenures so that Social & Affordable Rent and intermediate units are not grouped separately from each other. This, equitable cluster placement and good design will create tenure blind clusters.
6. Additionally, the clusters should usually contain a mix of unit sizes, for instance a mix of 1, 2, 3, and 4-bedroom homes. This should help increase opportunities for different sizes and types of households to mix and can help to prevent similar household types being grouped together which may cause, for example, areas of high child density, groups of residents with similar economic backgrounds or with high support needs.

Policy

7. Clustering

- Small or rural developments of up to 30 units (except for 100% exception sites) – Maximum clusters of 6 to 8 units. Blocks of flats – Maximum of 12 flats should have access from a lift or common stairwell. Ground floor flats should have their own entrances, if possible, as they are likely to be allocated to older or disabled residents or families with children.
- Medium mixed tenure residential developments of 30 to 200 units – Maximum clusters of 15 units. Clusters should not abut each other and be dispersed appropriately across the whole development. This will include blocks of flats. Ground floor flats should have their own entrances, if possible, as they are likely to be allocated to older or disabled residents or families with children.
- Large mixed tenure residential developments 200 units and over – Maximum clusters of 25 units per parcel. Clusters should not abut each other and be dispersed appropriately across the whole development. This will include

blocks of flats. Ground floor flats should have their own entrances if possible as they are likely to be allocated to older or disabled residents or families with children.

- Where a development site is to be built out in separate phases/parcels developers must take account of the location of affordable homes within neighbouring parcels of land to ensure clusters do not adjoin each other and are well dispersed across the development as a whole.

8. Tenure distribution

- Clusters should contain a mix of affordable tenures, to include rented and intermediate tenures.
- Care should be given to placement of different tenures in flats to ensure a balance between tenure-blind design, ease of management and aiming to keep service charges to a minimum but avoiding too much segregation.—If possible one tenure per floor would enable ease of housing management.
- There may be occasions where splitting the tenure type would be detrimental to the wellbeing of the residents. One such instance would be a number of units designated for over 55's, which may benefit being sited together to ensure interconnected similar lifestyles and more efficient provision of any necessary care and/or support, providing they are designed and located so that they integrate well with the rest of the development.

9. Unit size distribution

- Clusters should contain a mix of unit sizes. Care should be taken to refrain from placing more than 3 to 4 larger units together; preference is to intersperse the larger units with smaller 1 or 2 bed units.

10. For flats, if possible, there should be a mix of unit sizes in blocks and on each floor.

11. Finally, at all stages of design, service charges levels should be considered. High service charges will increase the risk of the affordable units being unaffordable.
12. It is recommended that there is early engagement with the relevant council's Housing Strategy Team and the Registered Provider. This will help to ensure that a timely agreement on the distribution of the affordable housing can be reached. It is also expected that the applicant will provide a robust Affordable Housing Statement to be submitted with the application. It will need to cover the reasonings for placement and tenure/size distribution of the affordable units across the development and how these are expected to contribute towards a mixed, balanced, and sustainable community.
13. For some schemes both councils will seek to implement a Local Lettings Plan **detailing how applicants should be prioritised** for the allocation and letting of affordable homes. A Local Lettings Plan, such as for initial allocations on new larger developments, will help to achieve broader objectives for creating mixed and balanced communities, or where it can help to address or prevent particular issues from arising in a local area. The plan will be discussed and agreed by all parties involved. The agreed Local Lettings Plans will be available publicly.

Exceptions to policy

14. Exceptions to policy may be possible and justified because of the scale of the development. For example if the scheme is very small or in an area of a particular character; 100% affordable housing schemes because of its built form (for example if the development is all made up of high-density flatted blocks); or for specialist, supported or age-related schemes where critical mass is needed.
15. In some instances the Council may consider proposals to go above the clustering thresholds referred to in the policy, where it is satisfied that the affordable homes are proportionally distributed within the wider scheme, that there are no noticeable concentrations of affordable housing in a particular

area which could potentially result in a non-inclusive community in the long term, or where the use of a Local Lettings Plan will help to ensure that the scheme can still be mixed and balanced despite having larger clusters or being 100% affordable housing.

16. The design, layout and management of the homes will be key considerations in determining proposals that exceed the clustering numbers. The onus would be on the developer to provide a robust Housing Statement alongside the planning application. It will specify the reason why the scheme deviates from this Clustering and Distribution Policy and further describe how they intend to ensure the scheme links with the Councils' Key Principles above. The developers would also be expected to demonstrate how they integrate with nearby existing communities. To mitigate issues with larger clusters it is important that Local Lettings Plans are agreed prior to occupation and the registered provider has an agreed robust management plan in place. Lettings Plans will be published in the public domain for transparency.

National and Local Planning Policy

The Charter for Social Housing Residents – Social Housing White Paper – November 2020 – Integrating social housing in communities

17. The Charter for Social Housing Residents published in November 2020 looks to address issues of inequality for social housing tenants. It sets out clear standards that every social tenant in England is entitled to expect from their landlords. Within the Charter there is a focus on ensuring integration of social housing in communities which aligns with the objectives of the Councils' Clustering and Distribution Policy.

18. Para 128 states: *'It is vital that social housing is treated as an integral and valued part of our housing system, rather than being separated or segregated from other forms of housing. That aspiration is reflected in the National Planning Policy Framework which states that planning policies and decisions should aim to achieve healthy, inclusive and safe places. It also emphasises the need for planning policies and decisions to promote social interaction and*

provide shared spaces and facilities. It is supported by our planning practice guidance on Design: Process and Tools, published in October 2019, which includes guidance on the effective engagement of communities in shaping the design of their neighbourhoods’.

National Planning Policy Framework – June 2019 updated (NPPF)

19. The National Planning Policy Framework is a material consideration in the determination of planning applications.
20. It requires that planning policies and decisions should aim to achieve healthy, inclusive and safe places which promote social interaction, including opportunities for meetings between people who might not otherwise come into contact with each other, and which are ‘safe and accessible, so that crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion’.

National Design Guide – October 2019

21. The purpose of the National Design Guide, published by the government in October 2019 was to ‘illustrate how well-designed places that are beautiful, enduring and successful can be achieved in practice’. Their aim was to ‘address unfair segregation and promote integrated and socially cohesive communities’.

~~Both the Charter for Social Housing Tenants, the National Planning Policy Framework and the National Design Guide indicate a need to mix different tenures of housing across development sites, so that, wherever possible, particular tenures and sizes of property are not concentrated in one area in a development.~~

Cambridge City Council Affordable Housing Supplementary Planning Document 2008

22. Para 1.6 ‘There is no obvious ‘best’ method of mixing tenures, although ‘ghettos’ of affordable housing are best avoided. We found examples where physical integration had been achieved through pepper potting, buffering (i.e., providing a graduated range of different house types within the same street,

starting from small affordable units, and going through to large executive market housing), clustering and development of separate sites but to the same physical appearance. We recommend that consideration should be given to the use of all four techniques in developing affordable housing in the new communities in Cambridgeshire.'

23. Para 23. 'The layout of developments should integrate affordable and supported housing with the open market housing in ways that minimise social exclusion. The creation of tenure monocultures should be avoided. The following approaches exist to achieve this goal:

- Pepper potting, which is the development of the affordable housing as individual dwellings throughout a development. This approach has not yet been followed in Cambridge and can increase the difficulties involved in property management.
- Clustering, which is the development of the affordable housing in multiple groups normally of between 6 and 25 dwellings depending upon the size and design of the development and the nature of the affordable housing. In flatted schemes no more than 12 affordable dwellings should normally have access from a common stairwell or lift. Clustering is the usual approach that is followed in Cambridge. The affordable housing should be provided in prominent parts of a site to aid integration.'

24. Para 24. 'A buffering technique can be used to integrate a mix of tenures and house types from larger market housing through to small social rented housing provided that there is no physical segregation, and no tenure monocultures are created. At its simplest this technique could involve using intermediate housing to unite the social rented housing and the open market housing.'

South Cambridgeshire District Council
Affordable Housing Supplementary Planning Document 2010

- 25.3.24 The document makes recommendations relating to the mixing of tenures within residential schemes and the layout of developments, the provision and management of facilities, mixed-use developments, green infrastructure, integration and accessibility, relationship with existing communities, design and monitoring and delivery. The key lessons regarding mixing tenures and development layout are that:
26. “There is no obvious ‘best’ method of mixing tenures, although ‘ghettos’ of affordable housing are best avoided. We found examples where physical integration had been achieved through pepper potting, buffering (i.e., providing a graduated range of different house types within the same street, starting from small affordable units, and going through to large executive market housing), clustering and development of separate sites but to the same physical appearance. We recommend that consideration should be given to the use of all four techniques in developing affordable housing in the new communities in Cambridgeshire. This will offer maximum flexibility to accommodate a range of household types.”
- 27.3.25 Policy HG/3 of the Development Control Policies DPD requires that affordable housing is distributed through a residential development in small groups or clusters. Paragraph 4.13 of the DPD elaborates that affordable housing should be integrated with market housing and that in order to ensure sustainable communities. It says that small groups or clusters will typically be of 6 to 8 units. This description of the size of cluster in the district wide Development Control Policies DPD is particularly relevant to development in the rural area at villages where it reflects the relatively small settlement size.
- 28.3.26 The Area Action Plans forming part of the LDF for the major developments on the edge of Cambridge and at Northstowe make clear that affordable housing will also be distributed in small groups or clusters but explains that the appropriate cluster size will be determined having regard to the location within the development, including whether it is in a town or district

centre or in a residential neighbourhood and the type of housing being provided e.g., family housing or apartments. The North West Cambridge Area Action Plan, prepared jointly with Cambridge City Council, indicates that small groups or clusters may be between 6 and 25 dwellings, and in flatted schemes no more than 12 affordable dwellings should have access from a common stairwell or lift. This is also the definition included in the City Council's own Affordable Housing Supplementary Planning Document, reflecting the different character and scale of the City compared with the currently predominantly rural character of South Cambridgeshire. The Cambridge definition of small group or cluster is considered to be an appropriate definition to inform discussions on the major developments in South Cambridgeshire, both those forming urban extensions to Cambridge and also the new town of Northstowe, although the actual size will be determined through the planning application process for those developments.

Evidence

29. There is no current national guidance on exact numbers for clustering of affordable housing. The numbers in the policy are partly based on both councils previous Supplementary Planning Documents which have generally worked well, and considers what appears to be established best practice in the Cambridgeshire Horizons Guide – Balanced and Mixed communities – A Good Practice Guide. The Cambridgeshire Horizons Guide says:
30. A wide range of house types is a better way of creating mixed communities than focussing on affordability. Another way of putting this is to say that:
31. “We should aim for a critical mass of people at different life stages: children, working age population and the elderly, so that each group can develop their own social networks and facilities”
32. Under key lessons it further goes on to say.
33. There is no obvious ‘best’ method of mixing tenures, although ‘ghettos’ of affordable housing are best avoided.

34. 12 units per stairwell/lift was originally based on the Homes & Communities Agencies Design Guide, which said that a maximum of 15 units should share a stairwell/lift. Previously both Councils' Supplementary Planning Documents have required all schemes to have a maximum of 12 units to a stairwell and this has worked for us and the Registered Providers. We recognise this may not be possible on larger, higher density schemes and the policy has been amended for medium/large schemes.

35. We have also undertaken a recent survey with Registered Providers who have stock in the areas of Cambridge City and South Cambridgeshire.

36. The responses were very clear that they preferred to have clusters that are easy to manage and distributed evenly across sites. They preferred a mix of tenures and house types within a cluster to ensure a mix of single person households, couples, and families. They preferred that larger properties were not grouped together since this will lead to high child densities which can result in high cases of Anti-Social Behaviour.

Affordable Rents policy

Purpose

1. This policy sets out the objectives for both South Cambridgeshire District Council and Cambridge City Council with regards to how Registered Housing Providers determine new Affordable Rents for social housing in Greater Cambridge. It applies only to Affordable Rents and does not look at Social Rent levels or the wider affordability issues of other affordable housing tenures. However, in considering Affordable Private Rent as part of a Build to Rent scheme, regard should be given to this policy.
2. It should also be noted that both Cambridge City and South Cambridgeshire District are identified as high affordability pressure areas and therefore the Councils encourage Registered Housing Providers to provide social rented homes where possible.

Introduction

3. This policy is set within the Greater Cambridge Housing Strategy's long-term vision and objectives, which in turn reflect the broader priorities of the two Councils. In particular it will help to tackle poverty and inequality and promote health and well-being through:
 - Ensuring homes are affordable to live in
 - Promoting mixed, balanced, and inclusive communities
4. This policy builds on the existing Greater Cambridge Housing Strategy published in April 2019 and will form an Annexe to that document.
5. The [Policy Statement for Rent for Social Housing](#) published in February 2019, states that: "the rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent. Housing Providers should have regard to the local market context including the relevant Local Housing

Allowance for the Broad Rental Market Area in which the property is located, when setting Affordable Rents.”

6. Given the sharp increase in the Local Housing Allowance (LHA) rates for Greater Cambridge from March 2020, this has impacted on the affordability of Affordable Rents if they continue to be based on LHA rates. For many median rents within South Cambridgeshire, the LHA rate now exceeds 80% of market rent.
7. The Councils are committed to working with Registered Housing Providers to achieve a balance between increasing supply of affordable homes and ensuring that rented homes are affordable to those on lower incomes on our Housing Register. This policy has been developed having regard to the local market context and the affordability challenges facing the area. It builds on the current good practice and partnership approach with Registered Housing Providers, with the aim to achieve consistency and fairness across Greater Cambridge.

Policy Position – Affordable Rents

8. Based on affordability evidence below, the following discount should be considered when determining Affordable Rents for Greater Cambridge:
 - Cambridge City Council and City fringe sites crossing the border with South Cambridgeshire - the rent for Affordable Rent housing (inclusive of eligible property related service charges) should not exceed 60% of gross median market rent in Cambridge City for that size of property, location type and service provision, or the current Local Housing Allowance rate, whichever is the lower.
 - South Cambridgeshire District Council (excluding City fringe sites) - the rent for Affordable Rent housing (inclusive of eligible property related service charges) should not exceed 70% of gross median market rent for that size of property, location type and service provision, or the current Local Housing Allowance rate, whichever is the lower.

- Alternatively, Registered Housing Providers may wish to continue to use the January 2020 pre-Covid LHA rates as a baseline, and apply the annual inflationary increase as set out in the Policy Statement on Rents for Social Housing (paragraph 3.13)

Table 1: January 2020 pre-Covid weekly LHA rates (Cambridgeshire Broad Rental Market Area)

| 1 Bedroom | 2 Bedrooms | 3 Bedrooms | 4 Bedrooms |
|-----------|------------|------------|------------|
| £136 | £156 | £182 | £242 |

9. Gross median market rent means the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector in the relevant district. Property size, location type and service provision must be taken into account when determining what gross market rent a property might achieve if let in the private rented sector.
10. Valuations for initial rent setting must be made in accordance with a method recognised by the Royal Institution of Chartered Surveyors, as set out in the Policy Statement on Rents for Social Housing. This requirement is intended to help ensure that Registered Housing Providers adopt a consistent and transparent approach to the valuation of market rents. Where a Registered Housing Provider chooses to apply the 2020 pre-Covid LHA rate (plus inflationary increase), a valuation will not be required.
11. For new developments, the Registered Housing Provider must inform the relevant local authority of the projected rents to be charged as part of the scheme approval, providing details of the valuations undertaken where applicable.
12. Where the design and quality of homes is above national or local standards to help achieve the Councils' objectives in relation to zero carbon homes and tackling fuel poverty, consideration will be given for Affordable Rents to be charged at up to 80% of a median market rent. Registered Housing Providers

will need to demonstrate that the overall affordability of the home, in terms of issues such as fuel costs and repair & maintenance of heating systems will be sufficiently reduced so that it is cost neutral to tenants.

13. In terms of rebasing Affordable Rents following initial lets, Registered Housing Providers may not always need to undertake a full valuation on each occasion that a property is let on Affordable Rent terms. As set out in the Policy Statement on Rents for Social Housing, paragraph 3.11 – *‘in areas where affordable rent is widely used, providers might have a rolling schedule of tenancies coming up for re-issue or re-let. Where that is the case, providers might have adequate comparables readily to hand, and if so there might be no need for a full valuation. In these circumstances, providers may decide to re-set rents using a desktop review of recent transactions.*

Justification for policy change

14. Since the introduction of Affordable Rents in 2011, there has been a general consensus between the sub regional local authorities and the Registered Housing Providers that Affordable Rents should be set at or below the Local Housing Allowance rate. This has also been the policy approach required since the Greater Cambridge Housing Strategy was introduced in 2019. This ensured that the Affordable Rents were kept below the maximum threshold of 80% of the gross market rent and that housing benefit (or the housing element of Universal Credit) would cover the costs of an Affordable Rent. For Cambridge City this equated to between 55%-60% of median market rents depending on property size, and for South Cambridgeshire between 70%-75%. As the LHA rate is a fixed amount (payable for private rents based on property size by number of bedrooms), this also ensured a level playing field in terms of Registered Housing Providers bidding for schemes and setting Affordable Rents.
15. Whilst the increase in LHA rates is good news for private renters on housing related benefits, it has unintended consequences for the setting of Affordable Rents. If Affordable Rents continued to be set at the LHA rate, this would see rent increases of between 22% and 33% on new and re-let properties and

would provide a huge disparity across the area on the Affordable Rents charged.

Affordability

16. Affordable Rents should be targeted at those on lower incomes, where housing options are limited. According to a locally commissioned draft GL Hearn Report on ‘Housing Needs of Specific Groups April 2020, based on Office for National Statistics modelled income estimates, English Housing Survey and the Annual Survey of Hours and Earnings’, the lower quartile household income for Cambridge City is around £25,400 and £27,100 for South Cambridgeshire. The Councils’ Housing Strategy states that for housing costs to be affordable, households should not spend more than 35% of their net household income on housing costs, such as rent or mortgage. Table 2 below demonstrates what would be considered affordable in terms of rent and service charges on this basis, with Table 3 identifying the likely discounts required to make rents affordable based on different property types.

Table 2: Affordability based on 35% of lower quartile household income spent on rent

| Local Authority Area | Gross Income per Annum | Estimated Net Income per Annum | Estimated Net Income per month | Estimated Net Income per week | 35% to be spent on Rent per week |
|------------------------------------|------------------------|--------------------------------|--------------------------------|-------------------------------|----------------------------------|
| Cambridge City LQ Household Income | £25,400 | £20,914 | £1,743 | £402 | £141 |
| South Cambs LQ Household Income | £27,100 | £22,070 | £1,839 | £424 | £148 |

This table’s data is sourced from [the Money Saving Expert’s tax calculator](#).

Table 3: Discounts required for Affordable Rents to be affordable based on median private rents and 35% of lower quartile incomes

| Local Authority Area | Average Median Weekly Market Rent (Hometrack February 2020 data) | 35% to be spent on Rent based on Lower Quartile income* | % Discount required for Affordable Rent | Percentage of median rent |
|----------------------|--|---|---|---------------------------|
| Cambridge | £321 | £141 | 56% | 44% |
| South Cambs | £245 | £148 | 40% | 60% |

17. The significant increase in LHA rates does mean that those who receive full housing benefit are likely to get their rent paid in full even if Affordable Rents are based on the new LHA rate. However, some households on Universal Credit will be hit by the benefit cap which will mean that the gap between benefit and rent will increase. With higher rents charged this will impact on those on lower incomes who may be forced into claiming benefits where previously they were just managing, or for those currently reliant on full or partial housing benefit, making them less likely to be able to break the benefit cycle and who may be caught in the poverty trap. This is also likely to have implications for the public purse in terms of seeing an increase in benefit claimants.

18. In terms of determining Affordable Rent levels, as the current LHA rates are no longer an appropriate benchmark for rent setting, an appropriate discount percentage of local median market rent should be sought, unless the pre-Covid January 2020 LHA rates are used.

19. Whilst the discounts identified in Table 3 are calculated based on 35% of net income, it is recognised that this is unlikely to be achievable in terms of viability and that generally low income households will need to pay more than 35% of their net income on housing costs.

20. On balance, taking into account previous discounts achieved through the pre-2020 LHA rate that proved to be viable in terms of Registered Housing Providers' business plans, and the affordability analysis at Table 3, the Councils will seek a discount resulting in Affordable Rent levels not exceeding 60% of the local median market rent for each property size in Cambridge City (including the City fringe sites crossing the border with South Cambridgeshire) and 70% in South Cambridgeshire (excluding City fringe sites), or the LHA rate if this is lower.

Table 4: Example of estimated rent levels to be achieved under this policy.

| Local Authority Area | District's Median Weekly Market Rent (Hometrack February 2020 data) | Affordable Rent Level | Pre-Covid LHA Rate January 2020 |
|----------------------|---|-----------------------------|---------------------------------|
| Cambridge | | @ 60% of median weekly rent | |
| 1 Bed | £219 | £131 | £136 |
| 2 Bed | £294 | £176 | £156 |
| 3 Bed | £334 | £200 | £182 |
| 4 Bed | £438 | £263 | £242 |
| South Cambs | | @ 70% of median weekly rent | |
| 1 Bed | £178 | £124 | £136 |
| 2 Bed | £211 | £148 | £156 |
| 3 Bed | £253 | £177 | £182 |

| Local Authority Area | District's Median Weekly Market Rent (Hometrack February 2020 data) | Affordable Rent Level | Pre-Covid LHA Rate January 2020 |
|----------------------|---|-----------------------|---------------------------------|
| 4 Bed | £340 | £238 | £242 |

21. Within the Greater Cambridge Housing Strategy it is acknowledged that affordability is not just about the cost of the rent or mortgage associated with an affordable home, but is also affected by living costs associated with the location and design of someone's home. For example, a highly energy efficient home can lead to it being more affordable in terms of utility costs. Therefore, provision has been made within this policy for Affordable Rents to be charged at up to 80% of a median market rent, where it can be demonstrated that higher rental costs (including service charges) will be offset by lower utility bills.