TO: DISTRIBUTION LIST FOR BUILD TO RENT STAKEHOLDERS

FROM: MARK DAVIS

SUBJECT: Build to Rent policy / fire safety

This email is one of an occasional email to contacts who are involved in the Build to Rent sector. (If you do not wish to receive these updates in the future, then please let me know.)

**Government policy on Build to Rent**

I last wrote to you in April to let you know that the Government had issued a consultation document about changing planning policy to promote build to rent. This was one of the key policies being promoted in the Housing White Paper. Much has happened since then, with the General Election and the new Government taking office.

Last Thursday Alok Sharma MP, the new Planning and Housing Minister, went to see a major build to rent development at Wembley Park in north west London. A £65 million infrastructure debt financing package was announced for this site, under the Homes and Communities Agency’s Home Building Fund. This was a very positive visit, and the Minister is keen to engage on Build to Rent and looks forward to meeting participants in this market over the coming months, to discuss the policy area. See [this link](https://www.gov.uk/government/news/65-million-government-support-for-uks-largest-build-to-rent-site) for details of the visit.

With that in mind, I am delighted to say that the Government is now in a position to publish the analysis of the build to rent consultation responses. A copy is available at [this link](https://www.gov.uk/government/consultations/planning-and-affordable-housing-for-build-to-rent).

The responses show that there is widespread, across the board support for the establishment of a new national planning policy to support build to rent, and for authorities to plan proactively for build to rent where there is a need. There is also clear support for the concept of affordable private rent, which is a form of affordable housing that can be provided in build to rent schemes (aka “discounted market rent”). The Government’s proposals that family-friendly tenancies of three or more years should be available for those tenants who want them also attracted a lot of support.

The Government welcomes these positive consultation responses. Over the coming months we will be using them to shape the final policies which will be going into the forthcoming revision of the National Planning Policy Framework. Meanwhile Ministers are keen that councils and developers should continue to work together and to press ahead with emerging build to rent schemes where these are already happening.

**Market activity**

There has been continuing market activity since I last wrote. One development was the successful launch of the PRS REIT. HCA took a cornerstone investment of £25m in the £250m equity raising. Besides helping establish REITs as a vehicle for Build to Rent schemes, the PRS REIT strategy will also continue the spread of Build to Rent into the suburban family housing sector, providing good quality housing aimed at younger families, near good schools and transport links, offering security of tenure.

I should mention that I’m always interested to hear news on key milestones for Build to Rent schemes – for example when they start construction, reach practical completion or start / complete letting. Please don’t hesitate to drop me a line when you have some news to share.

**Leasehold market**

You may also have seen media coverage of the Government’s consultation on tackling unfair practices in the leasehold market.  This takes forward the commitment in the Housing White Paper to ‘act to promote fairness and transparency for the growing number of leaseholders’, including seeking views on the sale of new leasehold houses and onerous ground rent terms.

The consultation can be found here [at this link,](https://www.gov.uk/government/consultations/tackling-unfair-practices-in-the-leasehold-market) and will run until 19 September.

**Residential buildings higher than 18 metres**

You will all be aware of the tragic fire at Grenfell Tower in North Kensington earlier this summer. For those of you who own, manage, or are developing, residential buildings of 18 metres or taller, I want to make sure you are aware of the action you should be taking to ensure that your residents are safe. Whilst Grenfell Tower was a social housing block that had recently been refurbished, you should note that the issues are very relevant to private housing too – including new-build.

First, I urge you to familiarise yourselves with the information and advice [available at this link](http://www.gov.uk/guidance/building-safety-programme). This page is being regularly updated with further information, and you’ll find a link which enables you to register for a weekly news update too.

You should find out, as a matter of urgency, whether any of your buildings include cladding made of aluminium composite material (ACM). If you have ACM, you can send a sample to BRE for testing of its combustibility (free of charge). See [this link](http://www.gov.uk/government/publications/safety-checks-on-private-residential-blocks) for details of how to get a sample of ACM tested.

There are, in essence, two ways of satisfying the Building Regulations guidance on the spread of fire on the exterior of residential buildings of over 18 metres. The first is to ensure that each individual element of the system is of limited combustibility. Cladding samples satisfying this test are referred to as ‘category 1’. None of the (more than 200) cladding samples submitted to BRE have to date satisfied this test, and all have either been of category 2 (not of limited combustibility albeit with some limited flame retardant properties) or category 3 (not of limited combustibility and no flame retardant properties).

The second way is to test that the system as a whole (including both insulation and cladding, where present) adequately resists the spread of fire. To help inform decisions about any further action needed., BRE is currently undertaking a number of tests of combinations of cladding and insulation,

Based on the test results, our expert advisory panel do not believe that any wall system containing an ACM category 3 cladding panel, even when combined with limited combustibility insulation material, would meet current Building Regulations guidance, and are not aware of any tests of such combinations meeting the standard set by BR135. Wall systems with these materials therefore present a significant fire hazard on buildings over 18m. See the “Latest advice for landlords and building owners” section of the building safety programme web page for further details. Results of further tests will be released over the coming days and weeks.

Those building owners who have category 3 ACM cladding should take professional advice on the steps they should take to replace the cladding and to make sure that their buildings remain safe for occupation in the meantime. See the above link for details for where to turn for professional advice, and [see Annex B of this link](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/624285/Safety_checks_explanatory_note_170630.pdf) for advice on interim measures to ensure the safety of buildings.

Finally, whilst you should continue to look at our web pages, and take professional advice on the specific circumstances of your own buildings, we have also set up an email address ([housingchecks@communities.gsi.gov.uk](mailto:housingchecks@communities.gsi.gov.uk)) for any enquiries you may have.

I hope this information is helpful.

With kind regards.

Mark Davis

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