

A stylized graphic featuring a black silhouette of a city skyline on the left. To the right, a black robotic arm with red joints and a red gripper is positioned as if reaching towards the skyline. The background is a light cream color with a dark blue gradient at the bottom.

Build-to-Rent

Do **politicians** care?

The perception of BTR from Westminster

CAVENDISH

There's a General Election looming.

Housing will be a central policy point for all main political parties in their manifestos.

Which party will help people secure a high-quality, long-term home in the community they want to live in? The party that best defines its visions to the lack of housing supply could land on a winning policy position for voters - providing a mandate for genuine reform to the sector.

For Build-to-Rent (BTR), the current policy climate is lacking nuance. **There's a 'one size fits all' approach being directed at the rental sector in Westminster.** This presents a key challenge to organisations and landlords in the Private Rented Sector (PRS), but particularly those in the Build-to-Rent sector which delivers a different and enhanced offer to the market.

11%

MPs aren't prioritising BTR homes for their constituencies. **BTR homes came 7th (out of 8 listed options) in MPs' priorities for new homes.**

39%

of MPs questioned think the average income household range for those living in BTR homes was £20,000 - £29,999. Under the median household disposable income of £32,300 in the financial year ending 2022.

2/3

Almost two thirds of MPs would support an increase of BTR homes in their constituency.

1/3

One Third of MPs 'don't know' if they would support or oppose new BTR homes.

10%

of Labour MPs would openly oppose new BTR homes. With the number of Labour MPs set to grow at the next election this could be troubling.

As the BTR sector continues to grow, we've taken soundings from Members of Parliament following newly proposed changes from Government to renting law through the Renters (Reform) Bill.

This report sets out MPs' views on what type of housing MPs want to prioritise for their constituencies, what they believe to be BTR residents' average household income range, and whether those same MPs would support an increase in BTR homes in their constituencies.

The backdrop.

Housing is, and always will be, a key issue for governments.

It's the one space a person, or family, should have for themselves. There's a lot of emotion and pride, or an aspiration for pride, around someone's home. And successive elections, both at local and national levels, have been won and lost over housing policy.

With rents across the PRS rising and demand for those rental homes remaining high, supply of good quality, long-term rental homes allowing people to live in the communities they want to for longer than 12 months are desperately needed. This represents a huge opportunity for BTR. **HomeViews' insight from its 2023 build-to-rent report also shows that many of the top-rated developments on**

its platform host other useful amenities for residents.¹ So there's big benefits aside from the home itself.

But at the same time, the pursuit of better quality housing stock across the PRS and social housing sectors by the Department for Levelling Up and its Secretary of State Michael Gove has damaged the PRS by exemplifying the bad practices and rogue landlords who have been operating in the sector.

Given this backdrop, what do our politicians really think about BTR and what are the challenges BTR needs to overcome?

¹ HomeViews website, released March 2023, 2023 Build To Rent Report

² Office for National Statistics (ONS), released 24 March 2023, ONS website, article, Changes in private rental sector behaviour, England: February 2022 to February 2023.

³ Savills website, released 24 July 2023, UK Build to Rent Market Update – Q2 2023.

According to Savills research, the size of the BTR sector, which includes those homes completed, in planning or in construction stands at approximately²:

253k

This compares to ONS data² which says there were:

5million

privately rented dwellings in England in 2021, according to estimates published in the Department for Levelling Up, Housing and Communities' Dwelling stock (including vacants) collection.

Savills research also notes:

8,300 BTR homes

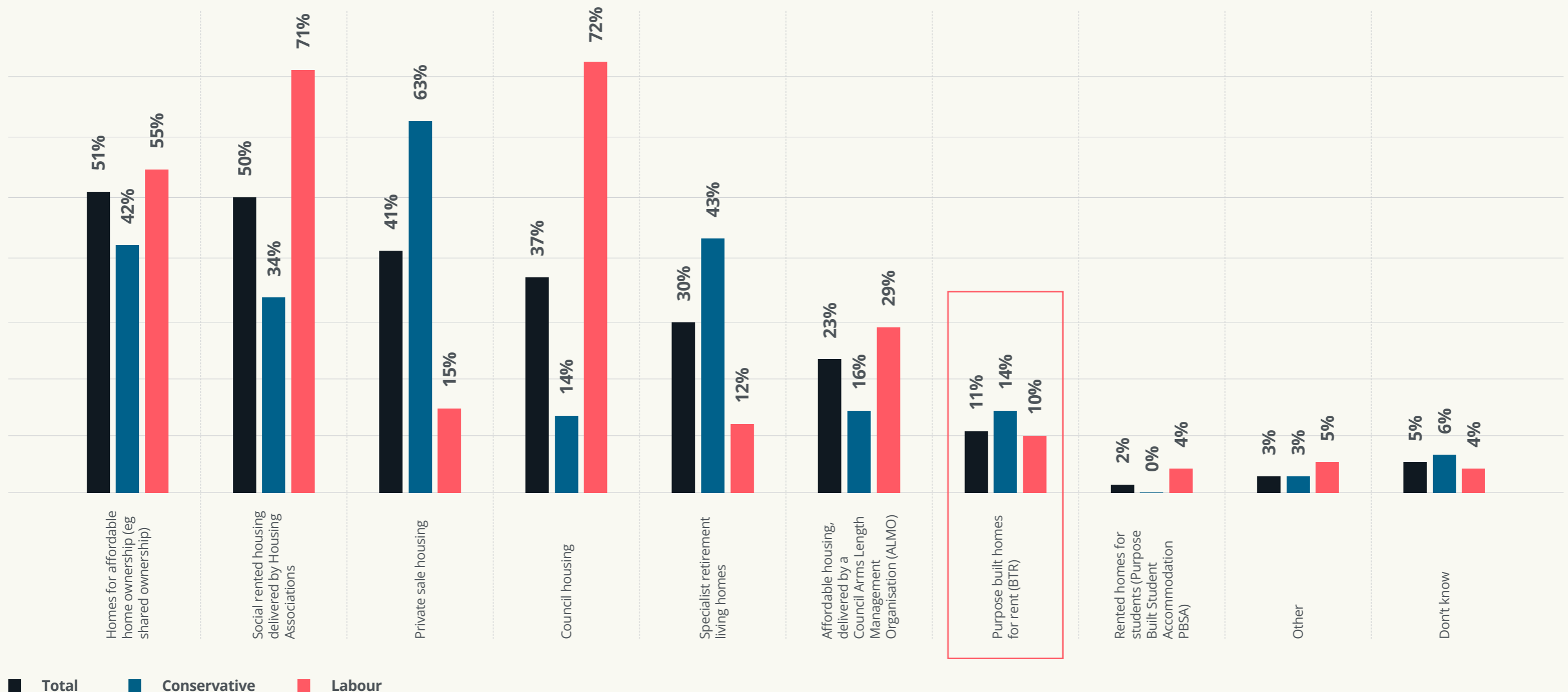
have been funded since the start of the year, but this will not shift the dial on the UK's supply-demand imbalance. With fewer homes to rent and record private sector wage growth, rents grew by 10.4% in the year to May 2023.³

What homes would MPs prioritise in their constituencies?

Half of MPs say homes for affordable home ownership and social rented housing delivered by housing associations are the housing types they would like to prioritise building in their constituency.

Results vary when looking at the two major parties, with Conservative MPs most likely to prioritise private sale housing, whereas Labour MPs are more likely to prioritise council housing and social rented housing.

We gave the following context for MPs when presenting them with the BTR option in this question "Build to Rent (BTR) refers to a tenure of purpose-built housing designed for rented homes in perpetuity" - *YouGov*



The homes that each community want, or believe they need, will vary across the country dependent on a range of factors. MPs, as their community's voice in Westminster, should represent their community's views and have a strong grasp of the homes their constituencies need.

However, there will always be a party political overlay to housing that shouldn't be forgotten. Many MPs and prospective candidates will link their political prospects in their constituencies to the type and tenure of housing in their area. For example, Conservative MPs and candidates, given the long-trodden narrative of home ownership as the key to a successful life, are more likely to prioritise the provision of homes that their constituents can buy and aspire to buy. Labour MPs on the other hand will more likely want to see housing that is affordable regardless of ambition, academic success or earnings. As such, Labour MPs will more likely prioritise council housing, socially-rented homes and other more affordable ways for local people to get on to the property ladder.

This plays out in our polling of which types of homes MPs would prioritise. However, the stat that should be noted by the sector is:

10%

of Labour MPs selected BTR as a priority for their area. Given the likely increase in Labour MPs at the next election, this could be a concern.

No London-based MPs selected BTR as a top priority for their constituencies..

With large amounts of the current BTR stock sitting in the country's capital, it is concerning that no MP, regardless of party, selected BTR as a priority for their constituencies. 20% of MPs from the East Midlands and West Midlands did select BTR as a priority though and with the Midlands, particularly Birmingham, a real growth area for the sector, there is some positivity to counteract the worry the capital's MPs may send through the sector.

The upshot.

Build-to-Rent needs to raise awareness.

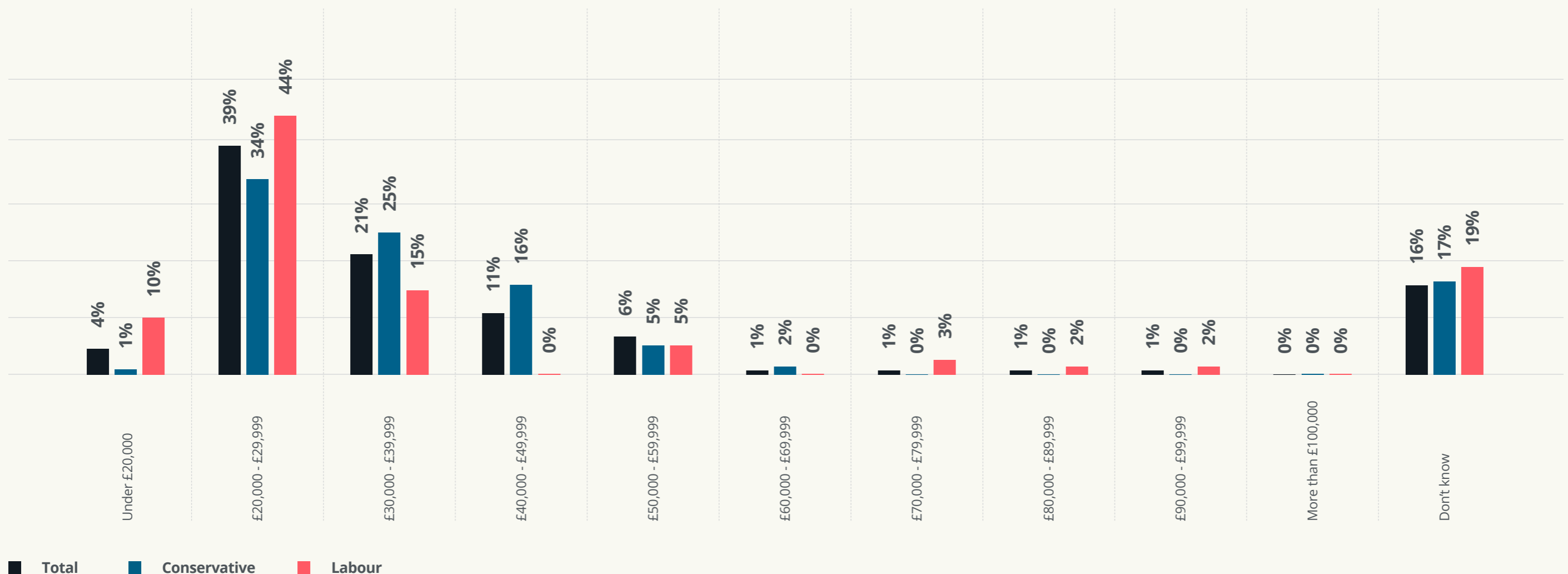
With MPs prioritising almost all tenure types over BTR homes there's a job for the sector to promote its offer far more than it is currently.

However, there's also the strong possibility that MPs will focus on, and prioritise, legislation that helps push forward their preferred tenures in Westminster policy too. As such, the BTR sector needs to raise awareness of its offer to residents and communities across Westminster. This awareness raising will help to ensure policy-makers bring forward proposals and legislation that will benefit the sector and help it to grow.

What is the average household income range MPs believe live in BTR homes?

Over a third of MPs believe the average household income range for those who live in BTR accommodation is between £20,000 - £29,999

16% of MPs though didn't know the household income range of those living in BTR homes.

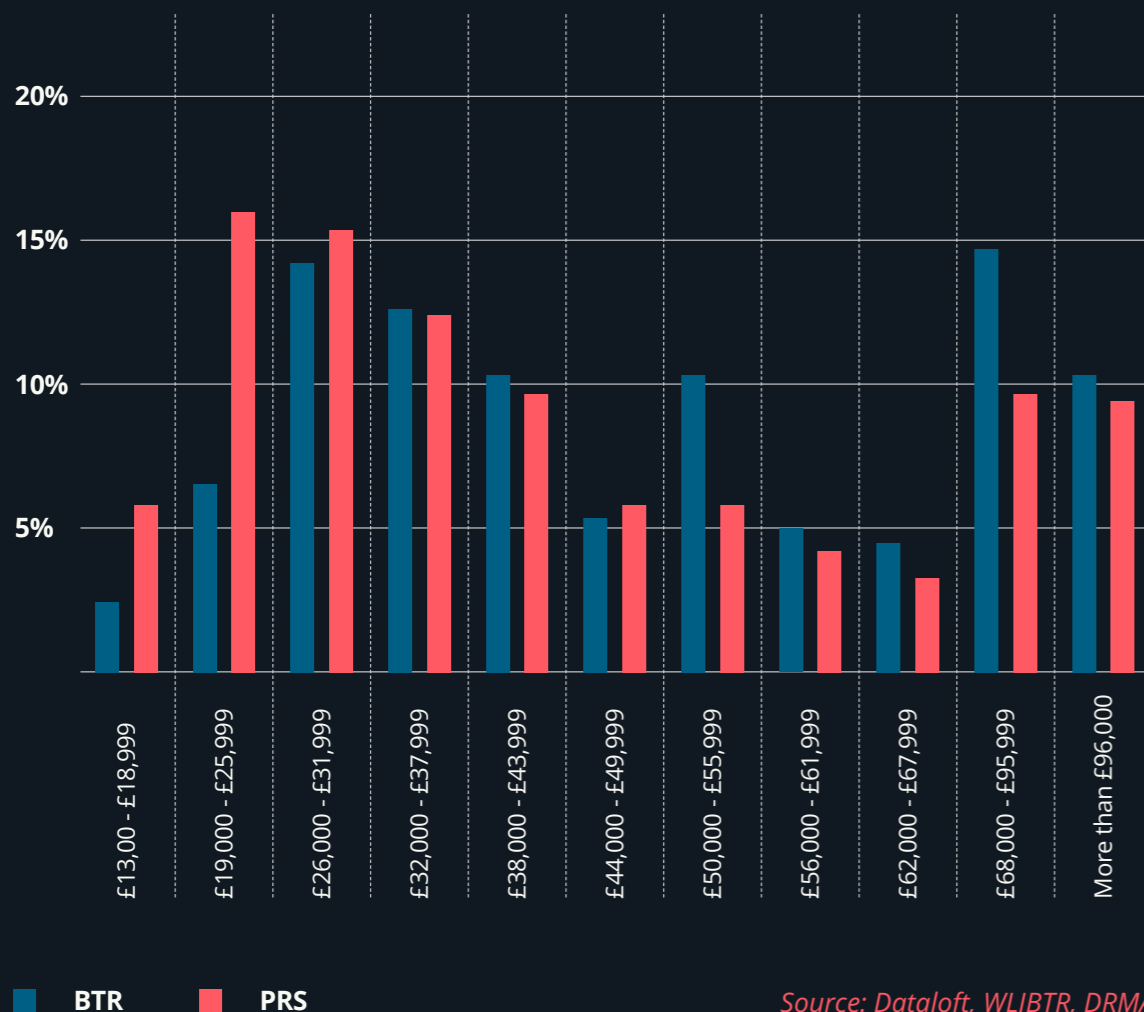


Business LDN¹ produced an insightful report in May 2023 which focusses on who lives in BTR homes. On income range, the report notes:

“Build-to-Rent residents’ incomes are broadly similar to those living in the Private Rented Sector, with 28% of Build-to-Rent residents earning between £26-38k compared to 29% of those living in the Private Rented Sector.”

¹ BusinessLDN online report, released May 2023, Who Lives In Build To Rent: An analysis of Build-to-Rent occupancy in London

Business LDN produced this useful chart to set against our own from MPs’ perceptions:



Source: Dataloft, WLIBTR, DRMA

Again, the report says:

“Build-to-Rent residents’ individual incomes are broadly similar to that of those living in the private rented sector, and it is a popular option across all income bands. 15% of Build-to-Rent residents earn between £26-£32k compared to 16% of those living in the PRS. **The most common income band for the wider private rented sector is £19,000 to £25,999, representing 17% of residents.**”

So what did MPs think to be the average income range of households living in a BTR home?

39%

of MPs overall thought the average income range of people living in a BTR home was £20,000 – £29,999.

However, the remaining 61% selected a wide mix of differing income ranges. It seems that MPs may not know how much a BTR home costs and there’s a clear lack of knowledge about the average household income for those living in BTR homes amongst MPs. With only 253,000² BTR homes out of a private rented sector of just under 5 million homes³, should we be surprised by this? Perhaps with growth, knowledge among MPs will improve?

² Savills website, released 24 July 2023, UK Build to Rent Market Update – Q2 2023

³ Office for National Statistics (ONS), released 24 March 2023, ONS website, article, Changes in private rental sector behaviour, England: February 2022 to February 2023.

The upshot.

MPs do not appear to know how much a BTR home would cost to live in given the wide ranging answers given to this question. The ONS released data that the median household disposable income was £32,300 in the financial year ending 2022, so there’s definitely work needed to educate Westminster on this piece⁴. Perhaps the lack of knowledge is why MPs aren’t prioritising the growth of the sector. The more important item to note here is that until MPs’ knowledge of BTR increases, it is likely that renting policy will remain a ‘one size fits all’ approach.

⁴ Office for National Statistics (ONS), published 25 January 2023, ONS website, statistical bulletin, Average household income, UK: financial year ending 2022.

Would MPs support or oppose new BTR homes in their constituencies?

Three-in-five MPs support an increase of BTR homes in their constituency, with support higher among Labour MPs.

Explicit opposition to additional BTR homes is low, with those not supporting most likely to say 'don't know'.

Total.



Conservative.



Labour.



Support Don't know Oppose

For **34%** of all MPs polled to pick the 'don't know' option when we asked them whether they would support or oppose new BTR homes coming to their constituencies suggests something has gone awry. Of **Conservative** MPs, that 'don't know' the figure rises to **40%**.

On the Labour side, the potential party of the future Government, 10% would openly oppose new BTR homes - something to watch as the Labour MP count is likely to rise.

One.

Awareness raising from the sector across Westminster is needed if the sector is to be fully understood by policymakers and prioritised.

Two.

MPs need to know the breadth and depth of different demographics of people who want to live in BTR homes. **The sector needs to do more to tell the stories of its residents ahead of a General Election.**

Three.

There's positivity for new BTR homes coming forward in constituencies from MPs and low levels of definite opposition – the sector should look to increase its speed of growth where possible whilst MPs are positive overall towards the sector.

Recommendations for the industry.

Four.

But there's a significant minority of MPs who 'don't know' if they'd support or object to new BTR homes in their area. Caution is advised here. If awareness raising and crucial story telling isn't moved forward quickly but the growth of the sector continues at pace, those 'don't know' MPs could move to objecting MPs if they are pushed by NIMBY movements or if BTR home proposals stall for construction or other reasons and leave a bad taste locally.

Five.

To achieve nuanced and considered policy making that the BTR sector needs, it needs to develop its story not just with prospective residents, but with policymakers. **The sector needs to amplify and broadcast the stories of its diverse resident base across Westminster because those same residents will soon become voters who could decide marginal constituencies at the next election.**

Methodology:

- YouGov completed online interviews with a representative sample of **114 MPs**.
- The survey was completed between **6th June and 1st July 2023**.
- All results are based on a sample and are therefore **subject to statistical errors** normally associated with sample-based information.
- Results for MPs are weighted by **party, gender, electoral cohort, and geography** to give a sample that is representative of the House of Commons.
- Based on a **95% confidence** level results are correct to **+/- 9%**.

Speak to our **built environment** experts.

We hope you found this insight into the BTR sector useful.

Please get in touch if you'd like to hear more about our insights work. We'd be happy to present the latest findings to your team. Equally, if you'd like to hear more about our Corporate Reputation and Planning Communications work, please get in touch.

enquiries@cavendishconsulting.com

Meet your experts.



Max Camplin

Executive Director

Max has a deep understanding of the political process in local and regional government. He is one of the leading communications professionals in the built environment, providing expert advice and insight on the intersection between politics, community, and media within the planning process. With over 15 years' experience in planning communications and community engagement, he has worked with the Berkeley Group, British Land, McDonalds, as well as large public sector bodies on some of the UK's most high-profile and complex projects. Max was previously a political advisor to a London borough and is responsible for the delivery of planning communications and community engagement for all our clients across the UK.



Oliver Hazell

Senior Account Director

Oliver has a strong understanding of both Westminster political and legislative processes and the built environment sector, particularly the BTR sector. He has over six years' experience spanning political campaigns, planning communications and strategic counsel for household names in the built environment. He works with Grainger Plc, Aster Group and Fairview New Homes, to name a few - providing strategic counsel to ensure built environment organisations can better convey their messages to the right stakeholders, at the right time. Oliver was previously an Association Chairman and Campaign Manager for the Conservative Party and was Deputy Field Director for London for the 'Remain' campaign. He leads teams, drives engagement programmes and builds strategies with his clients.

Thank you.

CAVENDISH

enquiries@cavendishconsulting.com
cavendishconsulting.com

