

Overview and Scrutiny Committee, 12 January 2017

HRA Business Plan; Update on Allocations and Rents on New Build Council Homes

Allocations

- 1) At its meeting in November members were informed of difficulties with the lettings of the new build homes within the Council's development programme and in particular the 23 units to be handed over at Ledgers Road early in 2017. There had also been some delays in delivery which meant that handover would be later than expected.
- 2) Officers have now confirmed that as a result of a court case since its introduction, the Local Lettings Plan in place to govern the allocation of these homes was very likely to be unlawful. The Lettings Plan has now been discontinued. The homes will now be let according to the council's standard allocation scheme.

Rents

- 3) On the question of the rents to be charged on the new homes, although the threat of "Pay to Stay" has now been withdrawn by the Government, the uncertainty on the future of the HRA Business Plan still means that the additional income available from the Council's development programme may still be required.
- 4) At the same time the Council's wider thinking on the approach to affordable rents is now developing further. The draft Housing Strategy, currently out for consultation, discusses the need to take a wider view on affordable rents, ranging from traditional social housing rents to rents affordable to other households who are on average incomes but who cannot afford market rents or prices. At the same time policy is developing rapidly elsewhere. The Mayor of London has released supplementary planning guidance and funding guidance which introduces the concept of a *London Living Rent* based on median incomes which would produce accommodation at below market level rents. A very similar decision was announced on 10 January by Manchester. Since the New Year the Government has announced a new bidding round for housing funding which also reintroduces the question of the rents that it would regard as "affordable."
- 5) The intention now is to develop Slough's strategic approach in this area that would apply both to developments by private developers and housing associations and to the Council itself.
- 6) Two types of affordable rented accommodation are being proposed;
 - *Slough Rent* ; which would be at traditional council or housing association target levels;
 - *Slough Living Rent*; which would be affordable to those on average incomes in the borough but also to those receiving benefits.
- 7) *Slough Living Rent* would be based on median incomes in Slough and would adopt the common industry standard assumption that no more than one third of household income should be spent on housing costs in order for it to be regarded as affordable.

Median incomes in Slough are estimated at around £30,000. Using the GLA methodology this would produce *Slough Living Rents* at around the levels shown below. These would be subject to annual review.

- 8) The effect of the *Slough Living Rent*, based on incomes rather than LHA rates or market rates, would be to lower rents on larger properties for families in particular. Basing rents on local incomes also means that rents are based more on local circumstances and may be less subject to external control than LHA rates and less volatile than market rates. Introducing into the Borough a product with rents at these levels will also provide more opportunities for households which are currently excluded both from market housing and from entry into social housing, for example key workers or people saving to be able to access shared ownership or full ownership.

Monthly Rent							
	Market Rent	Council Target Rent		LHA Rates		Slough Living Rent	
	Rent	Rent	% of Mkt	Rent	% of Mkt	Rent	% of Mkt
1 Bed	£900	£395	44	£657	73	£657	73
2 Bed	£1,100	£475	43	£840	76	£834	76
3 Bed	£1,450	£554	38	£1,061	73	£918	63
4 Bed	£1,600	£607	38	£1,449	91	£1,001	63

- 9) This approach will need to be developed further, within both the Council's housing and planning policies. This will include the proportion of "affordable rented" which should be at the *Slough Rent* and the proportion which should be at *Slough Living Rent*. The current proposal is that at least 25% should be at *Slough Rent*, with the remainder at *Slough Living Rent*. This would apply to the Council's new build programme as well as to developments by private developers and housing associations.
- 10) To allow these proposals to be worked up fully and given the imminence of the handover of the Ledgers Road properties, it is now proposed to regard these units as counting against this proposed 25% *Slough Rent* share and to allocate them within the Target rent system.

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