

**23<sup>rd</sup> September 2015**

**Environment & Housing Management Committee**

**Affordable Homes (Housing Needs)**

**Report of:** *Helen Gregory, Acting Head of Housing Services*

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 Following approval of item 8 of the Committee Report of the 17<sup>th</sup> June 2015 members approved delegated authority to spend capital receipts.
- 1.2 To ensure that expenditure has been made by the relevant dates, as was outlined in Table 3 of the preceding committee report; two 3-bedroom properties have been purchased on the open market.
- 1.3 Funding for the purchases has been enabled directly through expenditure of HRA capital receipts.
- 1.4 The rent on each property is due to be set at an 'Affordable Rent' threshold (75% of local market rent).

**2. Recommendation(s)**

- 2.1 That the Committee formally approve and recommend to the Policy, Finance and Resource Committee the rent setting of current purchases at an Affordable Rent as per paragraph 3.4 below.**

**3. Introduction and Background**

- 3.1 As part of our commitment towards expanding the housing options available to our residents we have recently been able to purchase two three-bedroom family homes on the open market. The two properties are located in the Pilgrim's Hatch area.
- 3.2 Each property is targeted as a three-bedroom family home which will be offered to long-term applicants on the Housing Register Transfer List.

3.3 The successful applicants will need to demonstrate they have maintained a satisfactory tenancy, a clear rent accounts; clear accounts with all other relevant departments and the ability to meet the Affordable Rent threshold.

3.4 The Government standard for 'Affordable Rents' sets prospective rents at a value of up to 80% of gross local market rent. We have completed desktop research to ascertain how other Local authorities/registered providers have set their affordable rents; they range from 65% to 80% of market rent value. It is proposed that the rent for these two properties is set at 75% to balance the economic project interest against the housing need of prospective tenants.

#### **4. Issue, Options and Analysis of Options**

4.1 The advantages of setting the rent at an Affordable Rent are that it enables the Council to maximise revenue for alternate housing provision whilst ensuring that tenants are offered an economically viable alternative to the over-subscribed Transfer List.

4.2 To justify the capital cost of the purchases, to retain future economic viability and to enable potential cross-subsidisation of future projects the adoption of an Affordable Rent programme is required.

#### **5. Reasons for Recommendation**

5.1 To enable cost effectiveness in managing the newly acquired properties through rent-setting at an Affordable Rent level which maximises our income generation.

5.2 To enable further provision of wider housing options which meet a housing need to Brentwood residents.

#### **6. Consultation**

6.1 Resident consultation is arranged on Thursday 17 September 2015.

#### **7. References to Corporate Plan**

7.1 Improving service delivery and enhancing housing options will meet the Council's commitment to service improvements and will also enhance the efficiency of the service.

## 8. Implications

### Financial Implications

**Name & Title: Chris Leslie, Finance Director (Section151)**

**Tel & Email: 01277 312542 / christopher.leslie@brentwood.gov.uk**

- 8.1 An affordable rent will ensure the Council receives an appropriate return on its investment and balances the housing needs of residence.

### Legal Implications

**Name & Title: Chris Pickering, Principal Solicitor – Employment & litigation – BDT Legal**

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- 8.2 The proposed recommendation that “the Committee formally approve and recommend to the Policy, Finance and Resource Committee the rent setting of current purchases at an Affordable Rent as per paragraph 3.4 below” is within the law. It is noted that the proposal is to be subject to consultation with residents and we suggest that legal advice is taken on any changes or extension to the proposal which may impact on the conclusion of its legality.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.1 None.

## 9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None.

## 10. Appendices to this report

None.

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