

Agenda 7 - Housing Strategy

Question - Cllr Bullivant

Question. - Can the Executive confirm what level of rent would be appropriate for an x bed property costing £275,000 to build and one costing £150,000 to build.

1. What would the open market rent be assessed at for each?
2. What would an affordable rent be assessed at for each?
3. What would a social rent be assessed at for each?
4. What housing benefit could be paid for a property with these values?
5. Could Housing Association figures also be provided?

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Response from Executive Member for Homes and Communities

From a Registered Provider’s perspective, the rent level is determined by the acquisition cost of the units having regard to either the discount, (negotiated via the Section 106 planning system), or the level of Homes England grant received to support the development.

Generally speaking rents are based on property sizes with rents increasing as the number of bedrooms increase. Affordable housing schemes need to be viable but most social housing providers are charities and therefore are driven by providing the best homes for their tenants not making a large financial return.

Taking this to one side the values of differing rental types is significant as the table below demonstrates, showing that social rents are the most “affordable” for tenants hence the desire for the Teignbridge Council housing building programme to meet these levels where possible.

The Council’s house building pipeline “The Teignbridge 100” is about delivering good quality, carbon efficient, spacious and well-designed homes to meet the needs of current and future generations. Whilst accepting that *pushing the envelope* to enhance space, thermal comfort, carbon emissions and future proof the dwellings has a cost this is offset by income generation from Homes England grant and prudent use of developer financial planning contributions. These primarily smaller schemes offer opportunities to use smaller local builders with local materials and labour.

We aim to offer councillors the chance to view the first development of 2 x 3 bedroomed houses at Buckland, Newton Abbot prior to their occupation this summer.

Rental comparisons - All figures are monthly					
Property Type	*Average Social Rent	**Average Affordable Rent	***Local Housing Allowance S. Devon	***Local Housing Allowance Exeter	****Ave Open Market Rent

1 bed	£ 377.00	£ 442.00	£ 448.76	£ 568.45	£ 498.00
2 bed	£ 429.00	£ 576.00	£ 598.35	£ 678.12	£ 661.00
3 bed	£ 472.00	£ 685.00	£ 728.00	£ 822.73	£ 815.00
4 Bed	£ 550.00	£ 854.00	£ 897.52	£ 1,096.98	£ 1,115.00

*Applies to the majority of Teign Housings stock. (Figures taken from Affordability Report presented to Overview and Scrutiny committee on 4th March 2019)

**Applies to most new build Housing Association properties. (Figures taken from Affordability Report presented to Overview and Scrutiny committee on 4th March 2019)

***We insist that all our Housing Association partners “cap” their rents at Local Housing Allowance rates including service charges.

**** Based on nationally published Government statistics. However Housing staff currently experiencing recent of examples 10% higher than these published figures.

Housing Benefit

The maximum amount of housing benefit or the housing element of Universal Credit that could be paid for social and affordable rents would match the level of rent charged. For private rents, the maximum rents would not exceed the Local Housing Allowance levels. In all cases, the award would depend on the family size and income but for those on the lowest incomes and in appropriately sized properties, their awards cover all of their rent liabilities.