

HOUSING RENTS INFORMAL POLICY GROUP

Tuesday 21 April 2015

14.00 hrs.

St Giles Room, City Offices, Winchester

Attendance:

Councillors:

Cllr Steven Miller (chairperson),

Cllr Richard Izard, Cllr Janet Berry, Cllr David McLean, Cllr Caroline Dibden, Cllr Jamie Scott

Officers in Attendance:

Richard Botham (RB) – Assistant Director (Chief Housing Officer)

Andrew Palmer (AP) – Head of New Homes Delivery

Bob Gath (BG) – Head of Housing Finance

Dee Sturgess – Business Services Officer (minutes)

1.	Apologies: - None	
2.	Minutes of the Meeting held on 24 October 2014 and Matters Arising	
	All agreed Cllr Miller to Chair the Rents IPG Minutes from the 24 th October accepted with one matter arising The DTZ report on housing needs and affordable rent still needs to be circulated to the group.	RB
3.	Rent Setting Policy for New Build Council Properties – Options for Consideration   Informal Policy Group Rent & BP tables for Rent April 15.docx IPG - March 2015.xls	
	<u>IPG discussion paper</u> BG presented a discussion paper which set out a range of options for rent policy for new build schemes including:	

	<ul style="list-style-type: none"> • Current policy of setting an affordable rent covering build costs over 30 years • Setting rents at “Affordable Rent” levels (80% of the market rent). • Setting an “average affordable rent” to ensure development costs are covered overall but that a set % is used for all new build properties • Setting new build rents at social rent levels • Setting rents at social rent levels but with the potential of a 5% tolerance for more costly schemes. • Current policy but excluding any land costs from final rent calculations <p>Cllr Izard asked whether we included land values in all schemes? RB responded that whilst values are included in appraisals, they have no net impact. However, sites where new land is purchased do impact on rents (such as New Queens Head and Extra Care). Provision for lost income is made however on sites where income generating assets such as garages are lost.</p> <p>Cllr Miller said that it is important that we have some consistency with housing rents for all schemes and questioned the current approach which results in completely different rents for each development.</p> <p>Cllr Dibden suggested one approach could be to consider a banding system similar to council tax, with some flexibility within bands.</p> <p>Cllr McLean stressed that all developments should cover their costs over a reasonable period and that the focus should be more on increasing supply rather than simply on affordability.</p> <p>Cllr Scott raised concerns about potential rent levels with the New Queens Head scheme and its affordability for existing Stanmore residents. He cited the new Radian scheme as being too expensive for many existing residents.</p> <p>Cllr Berry argued that we need to be fair to new and existing council tenants. Existing homes have paid for themselves several times over and being restricted to a 30 year appraisal is too restrictive. She suggested that we need to consider a wider range of options to ensure rents are affordable. She also argued that we should consider a longer term business planning period. Assessing viability over a longer period would mean lower rents.</p>	BG
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	<p>Cllr Miller stressed that it is important to build in ongoing maintenance costs to appraisals. AP confirmed that we do this currently.</p> <p>Cllr Izard said that registered providers (RPs) would typically pool development costs and charge a consistent rent (usually 80%) with a view to generating income to support additional development. Many have also re-mortgaged to support development.</p> <p>AP said each scheme will bring up a different anomaly for example rent loss of garage or development of green space.</p> <p>Cllr Dibden suggested we could sell some of the new builds to market sale to help reduce rents.</p> <p>RB said some RPs are investigating rent options, with one setting rents at 35% of the income of the tenants.</p> <p>Cllr Dibden said we need to do what we can now and re view the group in two years to look at right to buy.</p> <p>Following a general discussion on each of the options, RB suggested that officers refine the options and prepare additional information on two or three options in detail for the next meeting.</p>	
4.	To agree dates for future meetings	
	<p>It was agreed that the next meeting should be timed to allow a final report and recommendations to be prepared for the Cabinet (Housing) Committee meeting at the end of June.</p> <p>Therefore, the next meeting is scheduled for 2pm, 9th June 2015, in the Boardroom, Westwing</p>	