

<b>Report title</b>	Revised Affordable Rents Policy for New Build Wolverhampton Council Housing	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Bhupinder Gakhal City Assets and Housing	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Ross Cook, Director of City Housing and Environment	
<b>Originating service</b>	City Housing and Environment	
<b>Accountable employee</b>	Michelle Garbett Housing Policy Officer Tel 01902 552954 Email <a href="mailto:Michelle.garbett@wolverhampton.gov.uk">Michelle.garbett@wolverhampton.gov.uk</a>	
<b>Report to be/has been considered by</b>	City Housing and Environment Leadership Team Cabinet Member Briefing	17 August 2021 25 August 2021

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### Recommendations for decision:

The Cabinet is recommended to:

1. Approve that Social Rents are applied to new build council properties only when allocated to a returning tenant(s) who are displaced as a result of an approved council led regeneration programme. This is only applicable for new build properties built without using grant funding.
2. Approve that Social Rent is charged on properties purchased through the Market to Affordable Housing Conversion Programme only when the property is allocated to an existing tenant(s) who is required to temporarily decant to assist in the progression of the approved council led regeneration programme.
3. Approve delegated authority to the Cabinet Member for City Assets and Housing, in consultation with the Director for City Housing and Environment, to authorise future amendments to the City's Affordable Rents Policy for new build council Housing.

## **1.0 Purpose**

- 1.1 The purpose of this report is to seek approval for amendments to be made to the Council's current Affordable Rents Policy in order to protect the Social Rents of existing secure Council tenants where they are being displaced as a result of Council regeneration schemes.
- 1.2 It is further proposed to obtain approval for those Council tenants that have a wish to return to new build properties within the regeneration area and have been temporarily decanted to a property acquired through the Market to Affordable Housing Conversion programme, that a Social Rent is charged for the duration of the decant period.

## **2.0 Background**

- 2.1 Affordable Rents fall within the definition of social housing in section 68 of the Housing and Regeneration Act 2008 (and, in particular, the definition of low-cost rental accommodation in section 69 of the same Act).
- 2.2 The Affordable Homes Programme 2011-2015 introduced the use of Affordable Rents for social housing tenants. Affordable Rents permit rents (inclusive of service charges) to be set at up to 80% of market rent. The rents for council owned affordable homes is capped at Local Authority Allowance (LHA) levels.
- 2.3 The Affordable Homes Programme administered by Homes England (HE) provides the mechanism by which Social Housing Providers can access grant funding to support the capital costs of delivering new build housing for rent or market sale. A requirement of the funding granted is for rents to be charged at an Affordable Rent; however, where grant has not been used, Registered Providers (RP) including Local Authorities (LA) can choose to set rents at a Social Rent.
- 2.4 In April 2016, the Council adopted an Affordable Rent Policy which agreed to set Affordable Rents for new build housing including conversions, renovations and acquisitions at 80% of the market rent, capped at LHA rates. This policy does not apply to existing stock and it is not proposed to make any changes to the policy in relation to this. The Council's Housing Strategy 'Better Homes for All' supports the Council's fourth strategic objective which sets out the Council's commitment for all residents to have 'Access to a Secure Home', live in a 'Safe and Healthy Home' as well as setting out an ambitious plan to provide 'More and Better Homes'. To achieve this, stock condition surveys are undertaken to current Council owned stock to determine any future investment required and where this is no longer viable due to the age and/or structural condition of some stock, approval is gained to commence regeneration projects to re-develop housing estates to deliver the objectives of the housing strategy. Where a regeneration project is approved, existing tenants may seek a permanent move or express their 'Right to Return' to the area once the new homes have been built. The current Affordable Rents Policy allows no flexibility to offer existing secure tenants affected by estate regeneration, a new property on their original estate at Social Rent.

2.5 Where a privately owned property has been purchased through the approved Market to Affordable Housing Conversion Programme within regeneration areas, there is an opportunity to use the property as a temporary decant for existing secure tenants displaced by the regeneration programme.

### **3.0 Proposals**

3.1 It is proposed that for Council regeneration schemes which result in the displacement of existing secure tenants whilst demolition and new build development takes place, those tenants who expressed the 'Right to Return' can return to properties and charged Social Rent. Any subsequent let will revert to an Affordable Rent where the incoming tenant was not displaced by the original redevelopment.

3.2 It is further proposed that for the purpose of providing temporary homes to those existing tenants directly affected by the re-development of an estate, that any properties acquired and brought back into Council stock through the Market to Affordable Housing Conversion Programme will be used for temporary decant purposes and charged at a Social Rent. Any subsequent permanent let of these properties will revert to an Affordable Rent.

3.3 This amendment to the Affordable Rents Policy will only apply to existing secure tenants directly affected by the re-development of their estate through an approved Council regeneration scheme. For existing tenants who seek a permanent move away from their existing estate and then subsequently apply to return to new build properties due to a change in their housing need; an Affordable Rent will be charged.

### **4.0 Evaluation of alternative options**

4.1 Option 1- Make no change to the current Affordable Rents Policy, this ensures no negative impact to the Housing Revenue Account (HRA) and a consistent approach across all council new build development. Rents in Wolverhampton are relatively low and there is little difference between Social and Affordable Rent, so the impact on the majority of tenants, should be insignificant. However current policy does not account for estate regeneration where existing council tenants have to leave their homes due to a need to demolish or carry out extensive works on an estate and neither does it allow the use of Social Rents when using homes purchased and brought back into the Council's housing stock for temporary decant purposes.

4.2 Option 2 - Amend the current policy and apply a Social Rent to all non-grant funded new build developments. This approach would bring the Council in line with the recommendations of the Black Country Tenancy Strategy but would have a greater impact on the HRA and could have a negative impact on the ability to pursue other much needed social housing development in the City.

## **5.0 Reasons for decision(s)**

- 5.1 In updating the policy to include the planned proposal for Social Rents to be charged on council regeneration schemes and for those properties purchased via the Market to Affordable Housing Conversion Programme for use as temporary homes for those affected by regeneration; it will allow Social Rents to be charged within the parameters detailed within the report for existing tenants who wish to remain on their current estate during the regeneration programme or for those tenants who wish to return once the regeneration programme is completed. This will ensure existing tenants are able to remain within their established communities and retain local connections to that area.
- 5.2 The policy also recognises that where the Council leads on a regeneration scheme that it should not be of detriment, in terms of rent charges, to existing tenants directly affected by the planned redevelopment.

## **6.0 Financial implications**

- 6.1 Charging Affordable Rent levels on new build homes results in a higher rental income and enables the Council to apply for HE grant funding therefore providing more resources overall and increasing the number of new council homes that can be built. Regeneration schemes can be financed using a combination of grant funding for the affordable homes and right to buy one for one receipts for the social rent new build schemes for the existing tenants. As the social rent properties become void they can be increased to affordable rent levels.  
[JM/17082021/R]

## **7.0 Legal implications**

- 7.1 The relevant legislation and implications are set out in the body of the report.  
[TC/20082021/C]

## **8.0 Equalities implications**

- 8.1 An equalities impact assessment has been undertaken which demonstrates the positive outcomes for existing Council tenants affected by the redevelopment of their existing homes.

## **9.0 All other implications**

- 9.1 There are no further implications from the recommendations in this report.

## **10.0 Schedule of background papers**

- 10.1 [An Affordable Rent Policy for Wolverhampton Council Housing](#) - Cabinet - 23 April 2014
- 10.2 [Affordable Rent Policy for all New Build Wolverhampton Council Housing](#) – Individual Executive Decision Notice - 6 April 2016