



**Brighton & Hove  
City Council**

# **HOUSING COMMITTEE ADDENDUM**

**4.00PM, WEDNESDAY, 14 JANUARY 2015**

**COUNCIL CHAMBER, HOVE TOWN HALL**



# ADDENDUM

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**DEPUTATIONS FROM MEMBERS OF THE PUBLIC**

A period of not more than fifteen minutes shall be allowed at each ordinary meeting of the Committee for the hearing of deputations from members of the public. Each deputation may be heard for a maximum of five minutes following which the Chair will speak in response.

Notification of one Deputation has been received. The spokesperson is entitled to speak for 5 minutes.

**(b) Deputation concerning Living Rents  
(Spokesperson) – Mr. D. Gibson**

Supported by:

1. Diane Montgomery,
2. Dani Ahrens,
3. Ian Mc Intyre,
4. Ali Ghanimi,
5. Hollie Pyecroft,
- 6 Sarah Gorton.



<b>Housing Committee</b>	<b>Agenda Item 50 (c)</b> Brighton & Hove City Council
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**(b) Deputation - Living Rent Campaign:**

The Living Rent Campaign was set up a year ago to campaign for rent controls, greater security, private landlord registration, voluntary ethical good practice landlord and lettings schemes. A petition signed by over 2,500 residents in support of the campaign was presented to the council in October and the council responded referring with unanimous support 6 points for the housing committee to consider. These points included “Developing a licensing scheme for all private landlords as has happened in Newham”

We applaud the progress towards wider registration on the January 2015 Housing Committee agenda. We are interested in feedback on the other points (see appendix A) and most specifically would urge the committee to hear our case concerning point 6 on the list approved “in principle” at Housing committee on 12<sup>th</sup> Nov 2015 to look at:

**“supporting the building of homes at a living rent rate so that “affordability” is based on peoples’ incomes and not the market rate”**

The package proposed by full council prompted talk in the media about Brighton and Hove becoming Britain’s first Living Rent council. We welcome this. A big step towards this would be to adopt a policy of charging living rents for newly built council housing.

**How much is a Living rent?**

The precise details of how much a living rent should be is open to debate and needs to be calculated by a group of experts. However basing our calculations on the accepted notion that housing costs should amount to no more than a third of income and looking at the median income of people working in Brighton and Hove we have made a provisional calculation of a living rent as being around 55 % more than a current social rents. That is an average monthly rent of around £564. We should like the council to develop a calculation of what a living rent should be for Brighton and Hove

**Housing costs and affordability**

- For a person earning the living wage (approx £1,100 a month), social rents represent about a third of that income and so a social rent is their only truly affordable option.
- *The assessment of affordable housing need report (2012) identified 88,000 households (72%) in Brighton and Hove who cannot afford to (either buy or rent) without some kind of subsidy or spending a disproportionate level of their income on housing costs”*
- Based on £24,210 median income if working in Brighton and Hove. After tax + NI estimated as £20,316 = £1693 a month
- Proposed rents on new build council houses range approx from £670 to £969 pm

**How much is needed in efficiency savings for BHCC to charge a living rent?**

Basing our calculations on previous housing committee reports on new build rent levels, we have made a rough estimate of the additional cost the housing revenue account of charging living rents (based on our estimates) rather than so called affordable rents on 100 new build council houses of about £280K a year. Given that in previous years (and proposed for next year) efficiency savings in excess of 280K have been achieved for the HRA (see appendix B) we propose that:

- 1) **The housing committee agree support for the principle of charging a living rent on its new build properties funded through efficiency savings**
- 2) **The Housing committee commission a report to estimate the HRA efficiency savings needed to reduce the projected “affordable” (80% market rents) to living rent levels\* and report these estimates to the next housing committee for decision**

\*based on 33% of median wages of people working in Brighton and Hove





## Appendix A

### **Recommendations from full council agreed in principle at the Housing committee held on the 12<sup>th</sup> of November 2014**

- 1) developing a licensing scheme for all private landlords as has happened in Newham;
- 2) highlighting the hardship caused to residents of the city by unaffordable private sector rents;
- 3) writing to the government to replace 6 month tenancies with 3-5 year tenancies as is the case in some European countries;
- 4) looking into developing ethical lettings agencies in the city, as well as supporting the expansion of the ethical lettings agency at Sussex University;
- 5) looking at setting up an ethical landlord accreditation in order; and
- 6) supporting the building of homes at a living rent rate so that affordability is based on people's incomes not the market rate.

## Appendix B

### Efficiency savings made/proposed on HRA budgets

Proposed savings 2015/16 = £907K (saving net of other variations- £550K)

Planned reduction in Housing management costs 2014/15 = £488K

Housing management savings identified in 2013/14 budget = £671K

Housing management savings set out in 2012/13 = £983K

Most of these efficiency savings (along with additional revenue surpluses from self-financing, rents and charges) find their way into the revenue contribution to capital which has increased by 4,540K from:

18,084K in 2012/13

22,624K proposed for 2015/16

We think a relatively small amount of income efficiency savings, estimated at 280K, could be used to ensure that 100 new build council houses were truly affordable and charged a living rent