

Appendix 3 - Lynchet Close rent options 1 to 6

Options	Description of rent option	Proposed weekly rent for a 4 bed house and a 2 bed flat	Differential from current LHA rates for all other new build rents in the New Homes for Neighbourhoods programme	Projected 40 year surplus/ offset to HRA subsidy for rest of NHFN programme £'000	Implications
Option 1	LHA Rate for 4 bed houses and for 2 bed flats	£339.36 £192.48	No other 4 bed rents to date 2 beds same as other new build	£1,373	<ul style="list-style-type: none"> • 4 bed rents only £45 pw below welfare benefit cap for any households entirely dependent on benefits • LHA rate for 4 beds amounted to 75% average Brighton & Hove 4 bed market rate at 3/3/17 • 2 bed rents same basis as all other new build 2 beds approved by Housing & New Homes Committee • £1.373m estimated surplus available from this exceptional scheme to offset HRA subsidy for other new build schemes
Option 2	65% Market Rate for 4 bed houses and LHA Rate for 2 Bed Flats	£286.33 £192.48	4 beds £56.05 pw above current 3 bed rate of £230.28 2 beds same as other new build	£894	<ul style="list-style-type: none"> • 4 bed rents £98 pw below welfare benefit cap for any households entirely dependent on benefits • 2 bed rents same basis as all other new build 2 beds approved by Housing & New Homes Committee • £0.894m estimated surplus available to offset HRA subsidy for other new build schemes
Option 3	40% Living Wage Rate for 4 bed houses and LHA rate for 2 bed Flats	£233.84 £192.48	4 beds £3.56 pw above current 3 bed rate of £230.28 2 beds same as other new build	£420	<ul style="list-style-type: none"> • 4 bed rents £151 pw below welfare benefit cap for any households entirely dependent on benefits • 2 bed rents same basis as all other new build 2 beds approved by Housing & New Homes Committee • £0.420m estimated surplus available to offset HRA subsidy for other new build schemes
Option 4	37.5% of Living Wage Rate for all homes	£219.23 £164.42	4 beds £11.05 pw below current 3bed rate of £230.28 2 beds £28.06 pw below current 2bed rate of £192.48	£203	<ul style="list-style-type: none"> • Impact of disparity on existing council tenants already paying more to rent 3 and 2 bed new homes • Reduced surplus available to offset subsidy required for other new build homes at £0.203m. • Impact on future ability to provide new homes • Risk of encouraging future under occupation as it may be cheaper to stay in this home than move to a smaller home
Option 4a	37.5% of Living Wage Rate for 4 bed houses LHA rate for 2 bed Flats	£219.23 £192.48	4 beds £11.05 pw below current 3 bed rate of £230.28 2 beds same as other new build	£288	<ul style="list-style-type: none"> • Impact of disparity on existing council tenants already paying more to rent 3 homes • Reduced surplus available to offset subsidy required for other new build homes at £0.288m. • Impact on future ability to provide new homes • Risk of encouraging future under occupation for the 4 bed units as it may be cheaper to stay in this home than move to a smaller home

Option 5	Rents to achieve no net surplus over 40 years	£206 £136	4 beds £24.28 pw below current 3 bed rate of £230.28 2 beds £56.48 pw below current 2 bed rate of £192.48 and £17.02 below current 1 bed rate of £153.02	£0	<ul style="list-style-type: none"> • Leaves no leeway for costs increasing unexpectedly • Lost opportunity for surpluses to offset the other schemes that require HRA subsidy • Impact of disparity on existing council tenants already paying more to rent all other new build homes • Impact on future ability to provide new homes • Risk of encouraging future under occupation as it may be cheaper to stay in this home than move to a smaller home
Option 6	Target social rents for all units	£105.87 £85.62	4 beds £47.15 pw below current 1 bed rate of £153.02 2 Beds £67.40 pw below current 1 bed rate of £153.02	-£1,023	<ul style="list-style-type: none"> • Requires over £1m HRA subsidy and makes new 4 bed houses cheaper than new build 1 bed flats • Lost opportunity for surpluses to offset all the other schemes that need HRA subsidy • Perceptions of fairness by existing council tenants in older homes with fewer amenities and benefits • Impact on future ability to provide new homes • Risk of encouraging future under occupation as it may be cheaper to stay in this home than move to a smaller home