

Affordable housing products in Brent and their
affordability to target client groups

Executive summary and conclusions

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Michael Jones and Chihiro Udagawa
Cambridge Centre for Housing and Planning Research
University of Cambridge

Executive Summary

This project was commissioned by LB Brent in order to enable the Council to better understand the relationship between the various 'affordable' housing products currently available, the 'customer base' for whom these products might actually be affordable, the income profile of different household types in Brent, and the sections of the population to whom the different 'affordable' products are suitable.

The Council's objective was to be able to specify the products that will best meet identified housing need in the Borough, and to guide developers towards the optimum mix of 'affordable' housing products on developments.

This report estimates the affordability of rents in Brent by comparing current and proposed rents, for different types of housing 'product', with the gross household incomes in Brent for a range of household types.

This report uses two definitions of 'affordability':

- The first is the minimum income that each household type would need in order to be able to afford social rents, Affordable Rents or London Living Rents without needing support from Housing Benefit.
- The second is the minimum income that each household type would need to afford discounted market rents, at 60%, 70% or 80% of open market rents, for rent to be less than 33% of gross household income.

The project has produced estimates of the income profile for seven different household types in Brent. These estimates are derived by modeling from national level data, adjusted for the known characteristics of the population in Brent.

The project has also produced estimates of the gross incomes of households in social housing, based upon the limited coverage of lettings available from CORE.

Affordability for all households in Brent

The affordability of housing costs for individual household types set out in the detailed figures in the body of the report are summarized below. As in the detailed figures, the percentages of households which cannot afford different rent levels are a percentage of the total estimated number of working households of that household type in Brent.

Single people (1 bedroom property)

- 21% of single people cannot afford the average 1 bed LB Brent social rent @ £100.11 pw without housing benefit
- 50% of single people cannot afford the LHA rent in NW London @ £191.38 pw without housing benefit
- 53% of single people cannot afford the average 1 bed Affordable Rent @ £196.83 without housing benefit
- 42% of single people cannot afford 60% of open market 1 bed rents in the north of the Borough @ £145 pw and 53% cannot afford 60% rents in the south of the Borough @ £172 pw.

Couple without children (1 bedroom property)

- 12% of couples without children cannot afford the average 1 bed LB Brent social rent @ £100.11 pw without housing benefit
- 25% of couples without children cannot afford the LHA rent in NW London @ £191.38 pw without housing benefit
- 27% of couples without children cannot afford the average 1 bed Affordable Rent @ £196.38 pw without housing benefit
- 19% of couples without children cannot afford 60% of open market 1 bed rents in the north of the Borough @ £145 pw and 23% cannot afford 60% rents in the south of the Borough @ £172 pw.

Couple with one child (2 bedroom property)

- 25% of couples with one child cannot afford the average 2 bed LB Brent social rent @ £113.90 pw without housing benefit
- 56% of couples with one child cannot afford the LHA 2 bed rent in NW London @ £242.33 pw without housing benefit
- 56% of couples with one child cannot afford the average 2 bed Affordable Rent @ £243.21 pw without housing benefit
- 39% of couples with one child cannot afford 60% of open market 2 bed rents in the north of the Borough @ £183 pw and 45% cannot afford 60% rents in the south of the Borough @ £208 pw.

Couple with 2 children (3 bedroom property)

- 44% of couples with two children cannot afford the average 3 bed LB Brent social rent @ £125.86 pw without housing benefit
- 71% of couples with two children cannot afford the LHA 3 bed rent in NW London @ £303 without housing benefit
- 57% of couples with two children cannot afford the average 3 bed Affordable Rent @ £191.38 pw without housing benefit
- 50% of couples with two children cannot afford 60% of open market 3 bed rents in the north of the Borough @ £222 pw and 59% cannot afford 60% rents in the south of the Borough @ £260 pw

Lone parent with one child (2 bedroom property)

- 66% of lone parents with one child cannot afford the average 2 bed LB Brent social rent @ £113.90 pw without housing benefit
- 91% of lone parents with one child cannot afford the LHA 2 bed rent in NW London @ £242.33 pw without housing benefit
- 91% of lone parents with one child cannot afford the average 2 bed Affordable Rent @ £243.21 pw without housing benefit
- 85% of lone parents with one child cannot afford 60% of open market 2 bed rents in the north of the Borough @ £183 pw and 87% cannot afford 60% rents in the south of the Borough @ £208 pw

Lone parent with 2 children (3 bedroom property)

- 78% of lone parents with two children cannot afford the average 3 bed LB Brent social rent @ £125.86 pw without housing benefit

- 97% of lone parents with two children cannot afford the LHA 3 bed rent in NW London @ £303 pw without housing benefit
- 92% of lone parents with two children cannot afford the average 3 bed Affordable Rent @ £191.38 pw without housing benefit
- 90% of lone parents with two children cannot afford 60% of open market 3 bed rents in the north of the Borough @ £222 pw and 94% cannot afford 60% rents in the south of the Borough @ £260 pw

Affordability for social tenants in Brent

- Over half of all single people and couples without children cannot afford LB Brent social rents without support from housing benefit.
- Around three quarters of all single people and couples without children cannot afford housing association social rents without support from housing benefit.
- Fewer than one in four single people or couples could afford the London Living rent in NW London without support from housing benefit.
- Over 90% of single people and couples without children cannot afford Affordable Rents without support from housing benefit.
- Over 90% of couples or lone parents with two children cannot afford LB Brent social rents, and no family with two children (whether couple or lone parent) can afford any rent that is more expensive than LB Brent social rents.

Conclusions

1. Social rents are already too high: over half of current working single people or couples allocated social housing cannot afford LB Brent rents for 1 bedroom flats, and 90% of families with 2 children cannot afford the rent for a 3 bed property.
2. The £20-£25 per week difference between LB Brent social rents and RP social rents increases the proportion of working single people and couples without children who cannot afford social rents from 55%-60% in LB Brent 1 bed properties to 70%-76% in RP 1 bed properties (and no family with two children can afford the RP 3 bed social rent).
3. As a result of the 'damping' of social rents and London Living Rents in order to reduce the rents of family dwellings, rents for family dwellings set at a fixed percentage of open market rents will be significantly more expensive than the rents of 1 bedroom properties, where social rents (and London Living Rents) are similar to rents at 60% of open market prices.
4. If properties with rents set at either the London Living Rent or at 60% of open market rents are let to households who can afford such rents without housing benefit, then there will be a significant gap between these rents and social rents, but with no prospects of additional supply to meet the demand from households earning more than the typical tenant in social housing but who cannot afford either London Living Rents or 60% of open market rents.
5. Given the current financing constraints, it appears that there is an unenviable choice between either producing a very small number of units to be let at social rents (or less) or maximizing the number of units produced and accepting that the vast majority of tenants in such properties will be in receipt of housing benefit.