

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy & Resources
Date:	14 November 2019
Title:	Residential Properties – Review of Rents in April 2020
Report From:	Director of Culture, Communities and Business Services

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Purpose of the Report

1. The purpose of this paper is to consider the appropriate level of rents to be charged in respect of Hampshire County Council's housing accommodation with effect from 1 April 2020.
2. The paper also considers the proposal to delegate to the Director of Culture, Communities and Business Services determination of annual rent reviews from 2021.

Recommendations

3. That approval be given to the proposal that rents charged in respect of Hampshire County Council dwellings let to staff and other tenants be increased by 2% with effect from 1 April 2020.
4. That authority be given to the Director of Culture Communities and Business Services to determine the appropriate level of rents for future annual reviews.

Executive Summary

5. This paper:
 - Provides details of the nature of the residential estate.
 - Confirms the policies for the annual review of rents.
 - Sets out recent trends in rental levels in both the public and private sectors.
 - Proposes an increase in rent for the affected properties of 2%
6. The paper also proposes that, in the light of the small number of dwellings now affected, the Director of Culture, Communities and Business Services to be authorised to set rental levels at future annual reviews.

Background

7. The County Council currently owns a total of 78 dwellings. This compares to a figure of 82 dwellings one year ago. There continues to be a steady reduction in numbers each year, reflecting the County Council's policy to dispose of dwellings where feasible, or convert for operational use.
8. The 78 dwellings currently owned can be categorised as follows:

Type of Accommodation	2018	Current
Surplus and occupied by secure tenants	14	12
Occupied by service tenants (mainly school caretakers)	14	14
Included with lettings of County Farms	42	42
Let temporarily pending re-use or sale	6	4
Vacant (uninhabitable) pending re-use	1	1
Vacant and being sold	5	5
Total	82	78

9. The secure tenants, service tenants and some temporary tenants, pay rent based on an adopted rent assessment system which was developed to provide a mechanism for applying fair rents across the whole Estate. The average monthly rent paid by these tenants is around £580. The County Council's policy has been to review rents under the assessment system each April.
10. In undertaking the review, consideration is given to changes in market values over the preceding period, any changes in rental levels in the public sector and the nature of the stock of the County Council's housing accommodation. In recent years, rents charged by the Council have been increased by between 2.5% and 5% each year, with the average annual increase being around 3.5%.

Rental Trends

11. Rental levels in the private sector have seen a modest rise over the past twelve months. Demand for accommodation continues to exceed supply, with demand steadily rising whilst smaller scale landlords continue to leave the market. Economic uncertainty and the lack of adequate funds also mean fewer people buying residential property and renting accommodation instead. The increases across Hampshire have varied, but on average rises of around 2% have occurred. The level of increase is supported by various regional surveys and market reports.
12. The setting of rents in the public sector for housing associations and housing authorities has for many years been determined by government policy. Since April 2016, the Government has required housing associations to cut rents by 1% a year and this will continue until 2020. This change was made with the specific aim of reducing the Country's expenditure on housing benefit. From 2020, social rents will again be linked to inflation, with increases being permitted of up to Consumer Prices Index plus 1%. The latest figures for the Consumer Prices Index show a 1.7% increase over the past 12 months.

Proposals

13. It is proposed that the level of rents charged for County Council residential properties with effect from April 2020 be increased by 2%. This equates to an average increase for each tenant of a little over £10 per month. The proposed percentage increase is in line with rises seen over the past year in the private rented sector and reflects the need for the County Council to receive income to enable the properties to be maintained. It is considered that the proposals set out in this report will maintain County Council rents at an affordable level.

Future Arrangements

14. The current arrangements for reviewing and approving annual changes in rental levels were put in place over 30 years ago. At the time, the County Council owned nearly 400 dwellings. There remain only 27 dwellings where the level of annual rent is determined by reference to the adopted rent assessment system. Around half the occupiers are service tenants, who receive a 50% abatement on their rent. Around half are secure tenants, the majority of whom receive assistance with rental payments through the welfare benefit system.
15. In light of these circumstances, and in the interest of efficiency, it is considered appropriate to review the arrangement for determining the annual rental adjustment to the Executive Member for Policy and Resources, and it is proposed that this now be delegated to the Director of Culture, Communities and Business Services.

Consultation and Equalities

- 16.** There has been no formal consultation undertaken on the proposal in this report, and no material equality impacts have been identified.

REQUIRED CORPORATE OR LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty

a. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- i. The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- ii. Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- iii. Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The proposal relates to an increase in rental levels for all County Council tenants where rents are assessed under the adopted Points Assessment System. All affected tenants are either existing members of staff or former members of staff or their families. Whilst the rental increase will have a small financial impact on all tenants, it is appropriate that annual inflationary increases are implemented in line with other landlords. The only category of persons which might be particularly relevant to the proposal relates to age, as the average age of County Council tenants is relatively high. The increase however is only of an inflationary nature and tenants who are so entitled already claim housing benefit.

3. Impact on Crime and Disorder:

The County Council has a legal obligation in Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the

prevention of crime. The proposal contained in this report has no impact on the prevention of crime.

4. **Climate Change:**

The potential impact of this proposal on climate change has been considered and no impact has been identified.