

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	5 December 2017
Title:	Residential Properties – Review of Rents in April 2018
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1. 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 2018.

1.2. 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 3%.

2. Background

2.1. The County Council currently owns a total of 86 dwellings. This compares to a figure of 110 dwellings four years 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.

2.2. The 86 dwellings currently owned can be categorised as follows:

Type of Accommodation	Number
Surplus and occupied by secure tenants.	16
Occupied by service tenants (mainly school caretakers)	14
Included with lettings of County Farms	43
Let temporarily pending re-use or sale	6
Vacant (uninhabitable) pending re-use	2
Vacant and being sold	5
Total	86

2.3. 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 £550. The County Council's policy has been to review rents under the assessment system each April.

2.4. 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 County Council have been increased by between 3% and 5% each year, with the average annual increase being 4%.

3. Rental Trends

3.1. Rental levels in the private rented sector have seen a modest rise over the past twelve months. Demand for accommodation continues to exceed supply, with a number of landlords deciding to leave the market and sell up. This reflects recent legislative and tax changes which make Buy-to-Let less attractive, and this trend is expected to continue. Economic uncertainty also means less people buying residential property and renting accommodation instead. The increases across Hampshire have varied, but on average rises of around 2%-3% have occurred. This level of increase is supported by a number of regional surveys and market reports.

3.2. The setting of rents in the public sector for housing associations and housing authorities has for many years been determined by government policy. Until recently, rental increases in the sector reflected a system of target rents and rent caps. Social housing landlords increased their rents by a formula based on the Retail Price Index plus 0.5% plus an additional £2 per week. This resulted in annual increases well in excess of inflation, typically 5%-6%. However, from April 2016 there was a significant change of policy, with the

Government requiring housing associations to cut rents by 1% a year for the next four years. This change was made with the specific aim of reducing the Country's expenditure on housing benefit.

4. Proposals

- 4.1. It is proposed that the level of rents charged for County Council residential properties with effect from 1 April 2018 be increased by 3%. This equates to an average increase for each tenant of around £16 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. For information, the latest figures for inflation indices, year-on-year, shows the Consumer Prices Index at 2.9% and the Retail Price Index at 3.9%.
- 4.2. It is expected that rents in respect of dwellings held by housing associations will not increase this year, but this is an artificial device to reduce the housing benefits bill. The County Council has always given greater weight to the position regarding private sector rents when setting rental levels. It is considered that the proposals set out in this report will maintain County Council rents at an affordable level. The level of rents reflects the nature of the County Council's housing stock and the occupation arrangements.

5. Consultation and Equalities

- 5.1. There has been no formal consultation undertaken with regard to the proposal in this report, and no material equality impacts have been identified.

6. Recommendation

- 6.1. That the Executive Member for Policy and Resources approves the proposal that rents charged in respect of Hampshire County Council dwellings let to staff and other tenants be increased by 3% with effect from 1 April 2018.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	No
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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2. 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.

Completed EIA below:



EIA1166497.pdf

2. Impact on Crime and Disorder:

2.1. 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.

3. Climate Change:

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