

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date of Decision:</b>	8 December 2011
<b>Decision Title:</b>	Residential Properties – Review of Rents in April 2012
<b>Decision Reference:</b>	2621
<b>Report From:</b>	Director of Culture, Communities and Business Services

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## **1. Executive Summary**

1.1. The purpose of this report is to consider the appropriate level of rents to be charged to occupiers of the County Council's residential portfolio and to make an appropriate recommendation as to the rental levels to be set with effect from 01 April 2012.

1.2. The report:

- 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
- draws conclusions for the forthcoming review of rents.

## **2. Contextual information**

2.1. The County Council owns around 100 dwellings which produce a current annual income of approximately £470,000. The dwellings are let to occupiers under a range of different tenancies. Most are occupied either by an existing member of staff (such as a caretaker) under a service tenancy, or by a private resident under a secure tenancy protected under the provisions of the Housing Act 1985. There are a small number of dwellings which are made available to new members of staff under the Council's Staff Temporary Housing Scheme. Some of the service tenants pay rent based on their salary rather than the rental value of the dwelling they occupy.

2.2. The County Council's policy has been to review residential rents each April. 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. Rents were increased by 5% in both 2007 and 2008, by 4% in 2009, 0% in 2010 and 4% in 2011.

### **3. Recent Trends**

- 3.1. Over the past year there has been an element of growth in demand for rental property but with a slight decrease in supply. This reflects the difficulty in the wider housing market, resulting from the continuing state of the economic downturn, a reduction in the availability of mortgages, and a reluctance on the part of owners to sell at reduced prices. The overall effect in terms of rental levels has seen an upward trend in rents. Some areas of Hampshire have seen a large increase in rents and others a small increase.
- 3.2. The setting of rents in the public sector for housing associations and housing authorities is determined by government policy. This currently dictates that annual rent increases should be implemented based on the change in Retail Price Index plus 0.5%. Since March, the year-on-year change in the RPI has shown a positive value, and currently stands at 5.12%. As a result, it is anticipated that there will be an upward change in the level of rents charged by housing associations at their next review of at least 5.5%.

### **4. Conclusions**

- 4.1. Based upon recent trends it is proposed that rents in respect of Hampshire County Council accommodation are increased by 4% next year which reflects the County Council's desire to support people in these difficult times by not increasing by up to 6% in the social landlord market.
- 4.2. It should be recognised that the County Council is not in a true market position, with its properties occupied by a mixture of secure tenants, service tenants and new members of staff. Any proposal not to increase rents next year would maintain rents well below current market rents and wider public sector increases.

### **5. Recommendation**

- 5.1. That rents charged in respect of Hampshire County Council dwellings let to staff and other tenants is increased by 4% from the current level with effect from 01 April 2012 for the next twelve months.

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

<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because it is the County Council policy to review each April the level of rents charged to occupiers of the residential estate.</b>
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**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Executive Member for Policy and Resources: Residential Properties – Review of Rents in April 2011	1186	01.12.2010
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**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.)**

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. An equalities impact assessment has been considered in the development of this report and no adverse impact has been identified. The County Council considered mirroring the expected social landlord increase of between 5-6% but decided in these continuing times of difficulty to reduce that down to 4%.

### **2. Impact on Crime and Disorder:**

- 2.1. The County Council has a legal obligation under 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 proposals in this report have no impact on the prevention of crime

### **3. Climate Change:**

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