

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

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| <b>Committee/Panel:</b> | Buildings, Land and Procurement Panel                  |
| <b>Date:</b>            | 17 December 2013                                       |
| <b>Title:</b>           | Residential Properties – Review of Rents in April 2014 |
| <b>Reference:</b>       | 5402   |
| <b>Report From:</b>     | Culture, Communities and Business Services             |

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## 1. Summary

1.1. The purpose of this paper is to consider the appropriate level of rents to be charged in respect of the County Council's housing accommodation with effect from 1 April 2014. The report:

- Provides brief 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 affected properties of 5%.

## 2. Contextual information

2.1. The County Council currently owns 110 dwellings which can be categorised as follows:

| Type of Accommodation  | Number     |
|--|------------|
| Surplus to operational requirements and occupied by secure tenants – | 21         |
| Occupied by service tenants (Children's Services) –                  | 17         |
| Occupied by other service tenants (mainly Countryside) –             | 16         |
| Included with lettings of County Farms –                             | 39         |
| Held for future projects (mainly let to Housing Associations) –      | 10         |
| Vacant and being sold –  | 7          |
| <b>Total</b>   | <b>110</b> |

- 2.2. The tenants of the 38 properties in the first two categories 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 other properties are either vacant, included in a wider letting or have rents assessed on a different basis such as a percentage of salary. The County Council's policy has been to review rents for the first two categories of properties 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.
- 2.3. Over the past five years, rents charged by the County Council have been increased by between 0% (in 2010) and 4% (most years), with the average annual increase over the period being 3%.

### **3. Recent Trends**

- 3.1. There has been a rise in rental levels over the past year in the private rented sector. The increases have varied across Hampshire, but generally rises of between 3% and 6% have occurred. There has continued to be a relatively strong demand for rented property, reflecting relatively poor conditions in the wider housing market and particularly continuing difficulties in the availability of mortgages.
- 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. Rental increases in the sector have been made by reference to a formula, linked to the Retail Price Index. This has resulted in year-on-year increases well in excess of inflation, with annual rises generally being in the region of 5-6%. Such increases were encouraged to address historically low rental levels in the sector. Last year's rise was a little below this level, although it is expected to increase again this year.

### **4. Proposals**

- 4.1. It is proposed that the level of rents charged for County Council residential properties with effect from 1 April 2014 be increased by 5%. This is within the range of increases seen over the past year in the private rented sector. The proposed increase is a little over the rise seen in the public rented sector over the past year, although for several years now the County Council has introduced a lower increase than elsewhere in the public sector.
- 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 and staff who are required to occupy the properties for the better performance of their duties. The proposal set out in this report will maintain County Council rents at an affordable level. The level of rents reflect the nature of the County Council's housing stock and the occupation arrangements.

**5. Recommendation**

That the Panel make the following recommendation to the Executive Member for Policy and Resources:

- 5.1. That rents charged in respect of Hampshire County Council dwellings let to staff and other tenants be increased by 5% with effect from 1 April 2014.

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

|  |    |
|--|----|
| <b>Hampshire safer and more secure for all:</b>          | No |
| Corporate Improvement plan link number (if appropriate): |    |
| <b>Maximising well-being:</b>                            | No |
| Corporate Improvement plan link number (if appropriate): |    |
| <b>Enhancing our quality of place:</b>                   | No |
| Corporate Improvement plan link number (if appropriate): |    |

**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. 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.

### **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:**

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