HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	14 December 2016
Title:	Residential Properties – Review of Rents in April 2017
Reference:	7871
Report From:	Director of Culture, Communities and Business Services

Contact name: Chris Jelliffe

Tel: 01962 846617 **Email:** chris.jelliffe@hants.gov.uk

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 2017.

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 affected properties of 4%.

2. Background

2.1. The County Council currently owns a total of 88 dwellings. This compares to figures of 94 dwellings one year ago and 110 dwellings three years ago. The reduction in numbers reflects a continuation of the policy to dispose of dwellings where feasible, or convert for operational use. Six dwellings were sold in the past year, producing total capital receipts approaching £1.5 million.

2.2. The 88 dwellings currently owned can be categorised as follows:

Type of Accommodation	Number
Surplus and occupied by secure tenants.	17
Occupied by service tenants (mainly school caretakers)	15
Occupied by Countryside staff pending sale	2
Included with lettings of County Farms	43
Held for future projects (mainly located within operational establishments)	9
Vacant and being sold	2
Total	88

2.3. The secure tenants, service tenants and Countryside staff tenants, all 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 total annual rental income from these lettings currently amounts to approximately £235,000, with the average monthly rent under each tenancy being around £525. 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 continued to rise steadily 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. 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 4% have occurred. This level of increase for Outer South-East is supported by a number of national 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. Rental increases in the sector have reflected a system of target rents and rent caps. For a number of years, 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 2017 be increased by 4%. This equates to an average increase for each tenant of around £20 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.

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. Recommendation

5.1. 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 4% with effect from 1 April 2017.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	No
Maximising well-being:	No
Enhancing our quality of place:	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

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 disproportionally 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.

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.