

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date of Decision:	1 December 2010
Decision Title:	Residential Properties – Review of Rents in April 2011
Decision Reference:	1186
Report From:	Director of Property, Business and Regulatory 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 1 April 2011.

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 £300,000. 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. The overall rental income from the residential estate, including notional County Farm farmhouse rents, if all the various abatements were excluded, would be approximately £450,000. There are a small number of dwellings which are made available on short term arrangements 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 and condition of the stock of the County Council's housing accommodation. Rents were increased by 5% in both 2007 and 2008, by 4% in 2009 but with no increase in 2010.

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. Some areas of Hampshire have seen a large increase in rents and others a small increase. The overall effect in terms of rental levels has seen an upward trend in rents.
- 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 4.5%. As a result, it is anticipated that there will be a change in the level of rents charged by housing associations at their next review. It is also worth noting that during the recent Comprehensive Spending Review housing associations were given permission to set rents on new lettings at 80% of the market rent.

4. Conclusions

- 4.1. It is proposed that rents in respect of Hampshire County Council accommodation are increased by 4% next year. This is consistent with the broad picture that exists in the private rented sector but does not match the expectations in the public rented 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, service tenants and new members of staff. Nevertheless, the proposal to increase rents next year will still maintain County Council rents at an affordable level, reflecting the nature of the County Council's housing stock and the occupation arrangements.

5. Recommendation

- 5.1. That the rents charged in respect of Hampshire County Council dwellings let to staff and other tenants be increased by 4% from the current level with effect from 1 April 2011 for the next twelve months, be approved.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

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.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Residential Properties – Review of Rents in April 2010	751	10.12.2009
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None		

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.

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.

