

# Crawley Borough Council

## Consideration Report for Delegated Decision by Cabinet Member for Housing

### Housing Revenue Account Property Portfolio Rents for 2020/21

#### Expected Date of Decision 15 January 2020

Report of the Head of Crawley Homes - CH/188

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#### 1. Purpose

- 1.1 Varying the rent of dwellings and garages held in the Housing Revenue Account is delegated to the Cabinet Member for Housing in consultation with the Head of Corporate Finance.
- 1.2 The purpose of the report is to present the recommended option.

#### 2. Recommendations

- 2.1 To implement a CPI +1% increase for social and affordable dwelling rents (excluding exceptions)
- 2.2 To increase shared ownership and hostel rents by CPI+1%
- 2.3 To increase the amount charged for separately let sheds by 2%
- 2.4 To increase the charge for lifeline units by 2% and maintain the charge of all other telecare equipment at current cost price
- 2.5 To freeze the charge for sheltered guest room hire to enable us to compete with low cost hostels rooms.
- 2.6 To increase all other fees and charges, including garages, by 2% in line with the Council's budget strategy.

#### 3. Reasons for the Recommendations

##### 3.1 Dwelling Rents

- 3.1.1 For the past four years the Council has been required to implement a 1% rent reduction as required by the Welfare and Reform Act. This applied to all social and affordable rents but excluded hostel and shared ownership rents.
- 3.1.2 The HRA business plan was significantly impacted by this decision and with a number of development schemes planned during this time a decision was taken to set rents for all new developments at an Affordable Rent (80% market rent capped at LHA rate).

- 3.1.3 The 1% rent reduction has had the effect of significantly reducing the original affordable rent well below 80% of market rent and the LHA rate, and therefore significantly below where new development rents have been set at.
- 3.1.4 To mitigate the impact for those newly set affordable rents it is proposed to not increase the affordable rent on properties let during the course of 2019/20.

	<b>CPI + 1% Increase</b>
Income Target	£43,382,337
CPI + 1% Increase	£1,140,172
Less RTB Provision: 19/20 Estimate	(£146,261)
Add New Rents Estimate	£853,046
Voids & Re-Let Provision	(£83,581)
<b>Projected Income Target</b>	<b>£45,145,713</b>

### 3.2 **Shared Owner Rents**

- 3.2.1 The Council only has a very small portfolio of shared ownership properties. For some time the rents were increased by the Council's general increase for fees and charges which led to the rent element being considerably below the social rent levels (adjusted for the %ownership and excluding 30% for repairs). During the year Bridgefield House is expected to complete with a portfolio of 31 shared ownership properties, included in the income target below.

\*CPI = 1.70%

	<b>0%</b>	<b>CPI</b>	<b>CPI + 1</b>
Income Target:	£305,590	£310,785	£313,842
New Properties:	£339,392	£345,161	£348,555
Less Buybacks:	(£13,446)	(£13,768)	(£14,236)
<b>Projected Income Target</b>	<b>£631,536</b>	<b>£642,178</b>	<b>£648,161</b>

- 3.2.2 It is proposed to increase the rent for these properties as outlined in the table CPI + 1%.

### 3.3 **Hostel Rents**

- 3.3.1 Hostel rents

	<b>0%</b>	<b>CPI</b>	<b>CPI + 1</b>
Income Target	£508,210	£516,849	£521,931
Void Provision	(£117,910)	(£119,915)	(£121,094)
<b>Projected Income Target</b>	<b>£390,300</b>	<b>£396,936</b>	<b>£400,837</b>

### 3.4 **Other Fees and Charges Summary**

- 3.4.1 The Council is no longer working to unify the Lifeline charges, and therefore we propose that this charge is increased by 2%. All other telecare equipment is charged at cost and it is not proposed to increase these costs.

- 3.4.2 The 2% uplift will apply to sheltered hall hire, scooter sheds and garages. It is proposed not to increase sheltered guest room hire to enable us to complete with low cost hostel rooms.
- 3.4.3 A small number of sheds are rented separately from dwellings. These charges are currently £1.85 per week. It is now proposed to uplift these by 2% rounded to 5p making the weekly amount £1.90 in 2020/21.

#### **4. Implications**

- 4.1 Changes in rental income have a significant impact on the HRA business plan projections and consequentially the Council's ability to both maintain its existing stock and develop new properties.

#### **5. Background Papers**

None.