

Crawley Borough Council

Consideration Report for Delegated Decision by Cabinet Member for Housing

Housing Revenue Account Property Portfolio Rents for 2021/22

Expected Date of Decision 29 January 2021

Report of the Head of Crawley Homes Report number CH/194

1. Purpose

- 1.1 Varying the rent of dwellings 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 (with exceptions as detailed in 3.1.2)
- 2.2 To increase shared ownership and hostel rents by CPI+1% (with exceptions as detailed in 3.2.1)

3. Reasons for the Recommendations

3.1 Dwelling Rents

- 3.1.1 The previous 1% rent reduction has had a significant impact on the HRA business plan and estimated future borrowing.
- 3.1.2 Historical affordable rents have been significantly reduced by the 1% reduction, whereas newer properties have been set at 80% of market rent (Limited by LHA rates). To mitigate the disparity between these it is proposed to not increase the affordable rent on properties let during the course of 2020/21.

*CPI = 0.50%

	0%	CPI	CPI+1%
Income Target	£45,603,045	£45,820,083	£46,267,794
Less RTB Provision	(£166,061)	(£166,700)	(£168,628)
Add New Rents Estimate	£141,736	£142,444	£143,859
Voids & Re-Let Provision	(£100,802)	(£101,165)	(£102,199)
Projected Income Target	£45,477,918	£45,694,662	£46,140,826

3.2 **Shared Owner Rents**

- 3.2.1 The Council only has a 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. Similarly to affordable rents it is proposed not to increase those let in year (Bridgefield House).

	0%	CPI	CPI + 1%
Income Target:	£429,057	£430,576	£433,615
Less Buybacks:	(£14,015)	(£14,078)	(£14,203)
Projected Income Target	£415,042	£416,498	£419,412

- 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 The Orchards is due to be upgraded during the next financial year and is therefore not included in the income target.

	0%	CPI	CPI + 1%
Income Target	£428,916	£431,060	£435,350
Void Provision	(£92,381)	(£92,843)	(£93,767)
Projected Income Target	£336,535	£338,217	£341,583

3.4 **Other Fees and Charges Summary**

- 3.4.1 All other fees and charges will be reviewed as per the Pricing Strategy to maximise income generation and recover costs.

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, develop new properties and meet future obligations such as the carbon neutral requirement.

5. **Background Papers**

None.

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