

# Crawley Borough Council

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

### Housing Revenue Account Property Portfolio Rents for 2023/24

**Expected Date of Decision: 20<sup>th</sup> January 2023**

Report of the Head of Crawley Homes - **CH/200**

#### 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 7% increase for social and affordable dwelling rents.
- 2.2 To increase shared ownership and hostel rents by 7%.

#### 3. Reasons for the Recommendations

##### 3.1 Dwelling Rents

###### 3.1.1 Dwelling Rents.

\*CPI = 10.10%

	5%	7%	CPI + 1%
Income Target	£50,186,093	£51,111,492	£52,978,429
Less RTB Provision	(£285,070)	(£290,500)	(£301,631)
Add New Rents Estimate	£0	£0	£0
Voids & Re-Let Provision	(£308,562)	(£314,440)	(£320,953)
<b>Projected Income Target</b>	<b>£49,592,461</b>	<b>£50,506,552</b>	<b>£52,351,657</b>

- 3.1.2 In the autumn budget statement it was announced that the rent increase to all social and affordable properties would be capped at 7%.

##### 3.2 Shared Owner Rents

- 3.2.1 The Council only has a small portfolio of shared ownership properties which are not limited to the 7% increase. To keep these competitive and affordable in the current economic climate, it is proposed to increase these by 7%.

	5%	7%	CPI + 1%
Income Target:	£470,716	£479,682	£498,062
Less Buybacks:	(£16,232)	(£16,641)	(£17,175)
<b>Projected Income Target</b>	<b>£454,485</b>	<b>£463,141</b>	<b>£480,888</b>

### 3.3 **Hostel Rents**

- 3.3.1 Hostel Rents are similarly not limited to the 7% cap. It is proposed to limit these increases to 7% to remain affordable.

	5%	7%	CPI + 1%
Income Target	£578,004	£589,014	£611,584
Void Provision	(£59,128)	(£60,254)	(£62,563)
<b>Projected Income Target</b>	<b>£518,877</b>	<b>£528,760</b>	<b>£549,021</b>

### 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 and develop new properties.
- 4.2 As part of the autumn budget statement it was announced that LHA rates, which cap the rent received from Affordable Housing was to remain frozen. This reduces the maximum rent amount the Council can charge for Affordable Housing and will impact future housing developments.
- 4.3 Increasing rental fees will help to offset increasing staff salaries. Staff received a flat pay award of £1,925 in 2022/23, with a forecast of a 4.5% increase for 2023/24.
- 4.4 The HRA has continued to see an increase in the cost of its repairs and maintenance contracts. There are a variety of reasons including an increased cost of supply due to high inflation, high void numbers & high sickness levels resulting in the use of sub-contractors. Therefore, we are proposing to increase the repairs budget by the September 2022 CPI rate of 10.1% (£1.094m) for 2023/24. Without a subsequent increase in rents the availability of funds for future developments and maintenance for the current stock could be impacted.
- 4.5 Decarbonisation is expected to cost the council over £300m. Future grant funding for Decarbonisation is unknown and any previously successful bids have been matched funding with Government.
- 4.6 Debt repayment is due to begin in March 2023, with new borrowing expected to be required in future years. Increasing rental income will reduce the need for new borrowing.
- 4.7 The government cap of 7% vs a CPI+1% (11%) increase is estimated to result in lost income of £168m in the latest estimate of the 30-year plan.

## 5. **Background Papers**