

Crawley Borough Council

Consideration Report for Delegated Decision by Cabinet Member for Housing

Expected Date of Decision 8 January 2019

Rent Setting for Council Dwellings 2019/20

Report of the Head of Crawley Homes – CH/183

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 1% reduction for all social and affordable dwelling rents
- 2.2 To increase shared ownership and hostel rents by CPI
- 2.3 To increase the amount charged for separately let sheds by CPI
- 2.4 To increase the charge for lifeline units by CPI and maintain the charge of all other telecare equipment at current cost price
- 2.5 To increase all other fees and charges, including garages, by CPI in line with the Council's budget strategy.

3. Reasons for the Recommendations

3.1 Dwelling Rents

- 3.1.1 The Welfare and Reform Act required social landlords to reduce their rents by at least 1% per year for 4 years from April 2016. This applies to all social and affordable rents but excludes hostel and shared ownership rents.
- 3.1.2 The only other lawful option for rent setting other than the 1% rent reduction is to have a larger decrease. This is not recommended as this would require further savings to maintain the commitment to delivering 1,250 more affordable homes as given in the manifesto pledge.

	1% Reduction
Income Target	£42,005,698
Less 1% Reduction	(£419,840)
53 Week Rent Year	£779,369
Less RTB Provision: 19/20 Estimate	(£202,810)
Add New Rents Estimate	£1,697,296
Voids & Re-Let Provision	(£8,138)
Projected Income Target	£43,851,575

3.2 **Shared Owner Rents**

3.2.1 Shared ownership properties are excluded from the 1% rent reduction. Historically these properties have not kept up with the social rent increases as the Council's budget strategy was applied to the rents rather than the requirements under the rent restructuring regime.

*Consumer Price Index (CPI) = 2.40%

	1% Reduction	0%	CPI	CPI + 1
Income Target	£306,156	£309,248	£316,670	£319,762
Less Buybacks	(£13,311)	(£13,446)	(£13,768)	(£14,236)
Projected Income Target	£292,844	£295,802	£302,902	£305,526

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

3.3 **Hostel Rents**

3.3.1 Hostel rents are excluded from the 1% reduction. Southwell Lodge is currently being refurbished and is expected to be added to the rent roll in 2018/19.

3.3.2 Proposal:

	1% Reduction	0%	CPI	CPI + 1
Income Target	£403,397	£407,473	£417,246	£420,911
Void Provision	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Southwell Lodge	£60,080	£60,687	£62,144	£62,751
Projected Income Target	£453,477	£458,160	£469,390	£473,662

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 CPI. All other telecare equipment is charged at cost and it is not proposed to increase these costs.

3.4.2 The 2.4% uplift will apply to sheltered guest rooms, sheltered hall hire, scooter sheds and garages.

3.4.3 A small number of sheds are rented separately from dwellings. These charges are currently £1.80 per week. It is now proposed to uplift these by 2.4% rounded to 5p making the weekly amount £1.85 in 2019/20.

4. Implications

- 4.1 The Housing Revenue Account (HRA) Business Plan has been significantly impacted by the requirement to reduce rents.

5. Background Papers

None