

CABINET
14 APRIL 2015

RENT SETTING – HRA NEW BUILD PROPERTIES

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

Report from: Robin Cooper, Director of Regeneration Community and Culture

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Summary

This report seeks agreement to the setting of rent and service charges for 10 new build Council owned homes that will be ready for advertising via the Homechoice letting system from May 2015.

1. Budget and Policy Framework

- 1.1 The Council is required by law to carry out a review of council rents from time to time and to ensure that the Housing Revenue Account does not fall into a deficit position.
- 1.2 Agreement to the rent setting levels for the new build is essential so that the new build homes may be advertised and let as soon as possible. Rent setting is a matter for Full Council.

2. Background

- 2.1 The current programme is to develop a total of 55 new Council homes by 2017. This development of new Council Housing in Medway is progressing well. The next phase of these new properties will be ready for advertising via the Council's Kent Homechoice Scheme from May 2015. The lead in time in terms of advertising to the actual tenant moving in date is key to ensuring that new occupants can move in as quickly as possible, once "handover" from the developer has been completed.
- 2.2 Each property has had its rent and service charge set in accordance with the Councils current Social Housing Rent formula.

2.3 Service charges for 2015/16 are calculated using estimated costs based upon actual charges for previous years. Guidance states that, whilst increases should be confined to inflation (CPI) plus 1%, it is also recommended that the cost of providing services to tenants should be fair and fully recovered.

2.4 The 10 properties that are the subject of this report are set out below with the basic rent and as appropriate relevant service charges as follows:-

Door No	Street	Dwelling Type	No of Beds	2014/15 Proposed rent (50 week)	Service Charge Ground - Maintenance (50 week)	Service Charge - Electricity (50 week)	2014/15 Proposed rent (50 week) inc service charges
5A	Charing Road	Semi Detached House	2	101.66	4.60	0.00	106.26
5B	Charing Road	Semi Detached House	2	101.66	4.60	0.00	106.26
147A	Eastcourt Lane	Detached House	4	119.66	0.55	0.00	120.21
4	Hazlemere Drive	Detached House	5	131.00	0.45	0.00	131.45
1A	Westerham Close	Detached Bungalow	1	88.21	0.80	0.00	89.01
1B	Westerham Close	Detached Bungalow	1	88.21	0.80	0.00	89.01
15A	Westerham Close	Detached Bungalow	1	88.21	0.80	0.00	89.01
2A	Beechings Way	Terraced House	3	108.92	3.60	0.00	112.52
2B	Beechings Way	Terraced House	3	108.92	3.60	0.00	112.52
2C	Beechings Way	Terraced House	3	108.92	3.60	0.00	112.52
		TOTAL	25	1,045.37	23.40	0.00	1,068.77

2.5 Forecast completions for May/June:

Westerham Close - 2 x 1 bedroom bungalow
Charing Close - 2x 2 bed house

2.6 Forecast completions for November:

Hazlemere Close - 1 x 5 bed house
Eastcourt Lane - 1 x 4 bed house
Westerham Close - 1 x 1 bed bungalow
Beechings Way - 3 x 3 bed house

3 Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Loss of rental income to the HRA	Properties remain vacant and unlet until rent accounts are set up.	Ensure rent accounts are set up early and ICT systems set up to ensure letting of new build properties takes place as quickly as possible.	III D

4 Consultation

4.1 Residents are consulted annually on the rent and service charge setting process for all Council owned homes. The meeting in relation to the rent and budget setting process for 2015/16 was held on 20 January 2015.

- 4.2 There has been no specific consultation relating to the rent setting process for these 10 properties.

5 Financial and Legal Implications

- 5.1 The financial implications are contained within the body of this report.
- 5.2 Under Section 76 of the Local Government and Housing Act 1989, the Council is required, in advance of the financial year, to formulate proposals which satisfy the requirement that, on certain stated assumptions the Housing Revenue Account for that year does not show a debit balance. The Council is obliged to implement those proposals and from time to time to determine whether the proposals satisfy the 'break even' requirement. If not, then the Council shall make such provisions as are reasonably practicable towards securing that the proposals, as revised, satisfy the requirement.
- 5.3 Under Section 24 of the Housing Act 1985, the council can make such reasonable charges as it determines for the tenancy or occupation of its houses. The Council is obliged, from time to time, to review rents charged and make such changes, as circumstances may require.
- 5.4 This is a decision for Full Council as it forms part of the Council's budget and policy framework. Cabinet's recommendation will assist Full Council on 23 April 2015 to reach its decision.

6 Recommendation

- 6.1 That Cabinet recommends to Council the proposed rent setting and service charges as set out in paragraph 2.4 of the report.

7 Suggested Reasons for Decisions

- 7.1 Full Council is recommended to set the rent and service charges for 10 new build Council owned homes, ahead of advertising via the Homechoice letting system from May 2015. Each property has had its rent and service charge set in accordance with the Councils current Social Housing Rent formula. Failure to set rent and service charges will mean a loss of income to the HRA Business Plan and the inability to let the new build properties.

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Background Papers

New Rent Setting Policy 2015 Report to Cabinet 28 October 2014

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25372>

Capital and Revenue Budgets 2015/16 Report to Full Council 26 February

2015 <http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=26343>