

COUNCIL

28 APRIL 2016

RENT SETTING – HOUSING REVENUE ACCOUNT (HRA) NEW BUILD PROPERTIES

Portfolio Holder: Councillor Howard Doe - Deputy Leader and Housing and Community Services Portfolio Holder

Report from: Richard Hicks - Director of Regeneration, Culture, Environment and Transformation

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Summary

This report seeks agreement to the setting of rent and service charges for 33 new build Council owned homes that will be ready for advertising via the Homechoice letting system from late May 2016 onwards.

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 builds is essential so that they 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 56 new Council homes by 2017. The programme is progressing well with 23 new properties completed and let. The next phase of the programme will see the delivery of 32 bungalows and 1 detached house, which will be ready for advertising via the Council's Kent Homechoice Scheme from late May 2016. The lead 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 Council's current rent setting policy.

2.3 Service charges for the new properties consist of a charge for grounds maintenance and a charge for communal electricity. The charge for grounds maintenance has been calculated using plans of the developments to ascertain sizes of communal grounds and multiplying these by the agreed costs of each item as per the Council's grounds maintenance contract for 2016/17. The communal electricity charge has been calculated by multiplying the number of lights to be installed by known electricity spends of similar lights in other areas. Guidance states that the cost of providing services to tenants should be fair and fully recovered.

2.4 The 33 properties that are the subject of this report are set out below with the basic rent and appropriate relevant service charges as follows:-

Door No	Street	Dwelling Type	No of Beds	2016/17 Proposed rent (52 week)	Service Charge Ground - Maintenance (52 week)	Service Charge - Electricity (52 week)	2016/17 Proposed rent inc. service charges (52 Week)
1	Centenary Gardens	Bungalow – Wheelchair	2	106.92	3.02	0.45	110.39
2	Centenary Gardens	Bungalow – Wheelchair	2	106.92	3.02	0.45	110.39
3	Centenary Gardens	Bungalow – Wheelchair	2	104.75	3.02	0.45	108.22
4	Centenary Gardens	Bungalow – Wheelchair	1	89.57	3.02	0.45	93.04
5	Centenary Gardens	Bungalow – Wheelchair	1	91.33	3.02	0.45	94.80
6	Centenary Gardens	Bungalow – Wheelchair	1	91.33	3.02	0.45	94.80
7	Centenary Gardens	Bungalow – Wheelchair	1	89.57	3.02	0.45	93.04
8	Centenary Gardens	Bungalow – Wheelchair	2	104.75	3.02	0.45	108.22
9	Centenary Gardens	Bungalow – Wheelchair	2	104.75	3.02	0.45	108.22
10	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
11	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
12	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
13	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
14	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
15	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
16	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
17	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
18	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
19	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
20	Centenary Gardens	Bungalow – Wheelchair	2	104.75	3.02	0.45	108.22
21	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
22	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
23	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
24	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
25	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
26	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
27	Centenary Gardens	Bungalow – Lifetime Home	1	91.33	3.02	0.45	94.80
28	Centenary Gardens	Bungalow – Lifetime Home	1	89.57	3.02	0.45	93.04
29	Centenary Gardens	Bungalow – Wheelchair	1	91.33	3.02	0.45	94.80
30	Centenary Gardens	Bungalow – Wheelchair	2	106.92	3.02	0.45	110.39
31	Centenary Gardens	Bungalow – Wheelchair	2	106.92	3.02	0.45	110.39
32	Centenary Gardens	Bungalow – Wheelchair	2	109.13	3.02	0.45	112.60
17	Christmas Street	Detached House	2	104.28	0	0	104.28
		TOTAL	43	3141.32	96.64	14.40	3252.36

2.5 Forecast completions for July/August 2016:

Centenary Gardens 8 x 2 bed wheelchair accessible bungalows
Centenary Gardens 1 x 2 bed bariatric wheelchair accessible bungalow
Centenary Gardens 4 x 1 bed wheelchair accessible bungalows
Centenary Gardens 1 x 1 bed bariatric wheelchair accessible bungalow
Centenary Gardens 18 x 1 bed lifetime home bungalows.

2.6 Forecast completions for October 2016:

17 Christmas Street 1 x 2 bed lifetime home detached 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 2016/17 was held on 26 January 2016.

4.2 There has been no specific consultation relating to the rent setting process for these 33 properties. The proposed rents and service charges are in accordance with the Council's current Social Housing Rent policy.

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.

6. Recommendation

- 6.1 It is recommended to Council that the proposed rent setting and service charges as set out in paragraph 2.4 of the report are agreed.

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Appendices

None

Background Papers

New Rent Setting Policy 2016 Report to Cabinet 28 October 2014
<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=13190>

Capital and Revenue Budgets 2016/17 Report to Full Council 25 February 2016
<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=15761>