

Committee: Housing Board

Agenda Item

Date: 23 November 2011

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Title: Housing Revenue Account - Proposed Rent Increase 2012/13

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Item for
decision

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Summary

1. This report sets out the proposed 2012/13 Housing Revenue Account (HRA) increases in rent levels.
2. The Housing Board's recommendations will be reported to the Cabinet on the 8 December 2010 ahead of final determination by the Full Council on 23 February 2012.
3. The recommendations in this report were discussed at a Tenants Forum meeting on 14th November 2011.
4. The rent increase is proposed to be an average of 7.7%. The increase brings the average rent to £89.15.

Recommendations

5. The Housing Board is recommended to approve, for recommendation to the Cabinet on the 8 December, that dwelling rents continue to converge with Formula Rents resulting in an average increase of 7.70%
6. As at 1 April 2012 the rents for all new tenancies, not including transfers, are set at target formula rents.

Background Papers

- DCLG Housing Revenue Account and Self Financing Determinations – July 2010

Impact

Communication/Consultation	The issues in this report were discussed at the Tenants Forum meeting on 14 th November 2011.
Community Safety	No specific implications.
Equalities	No specific implications.
Finance	Detailed in the report.
Health and Safety	No specific implications
Human Rights	No specific implications.
Legal implications	No specific implications.
Sustainability	No specific implications.
Ward-specific impacts	No specific implications.
Workforce/Workplace	No specific implications.

Dwelling Rents

7. The Government's policy is to bring about a converging pattern of rents for all similar social housing properties. The original intention was to achieve convergence to a "Formula Rent" level by 2011/12. This target date changes according to economic conditions; the current target date is 2015/16 i.e. within 4 years. All things being equal, properties with rents below the Formula Rent level would have their rent increased in 2012/13 at such a rate that they would reach the Formula Rent level in 4 years.
8. However, Government specified caps and limits restrict the amount of any individual increase to a maximum of RPI+ ½% + £2. (The RPI is the value in September of the preceding year. In this case, RPI in September 2011 was at 5.6%). This is to protect tenants from excessive annual increases.
9. The effect of the caps and limits is that for many properties the increase in 2012/13 is smaller than that required to reach the Formula Rent level within 4 years.
10. Currently when a property is re-let to a new tenant the rent is set at current rent levels. Officers recommend that as at 1 April 2012 the rents for all new tenancies, not including transfers, are set at target formula rents.

11. Detailed calculations shows that the average weekly increase will be 7.70%. This will increase the calculated average rent by £6.39 from £82.71 to £89.15 per week. Individual rent increases range between 6.28% and 9.46%.

Actual Rent

2012/13 Rent increase	Average rent increase	Smallest rent increase	Largest rent increase	Average weekly rent	Estimated Income for UDC Housing Revenue Account
Rent formula using RPI @ 5.6% + 0.5%	7.70% £6.39	6.28% £3.94	9.46% £8.55	£89.15	£12,942,698

People Affected

Increase under £5.00	Increase between £5.00 - £7.50	Increase over £7.50
369 or 13%	2,285 or 80%	199 or 7%