



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Julia Hovells, Business Manager / Principal Accountant (Housing)
Relevant scrutiny committee: Housing Scrutiny Committee 20/2/2017
Wards affected: All Wards

2017/18 HOUSING REVENUE ACCOUNT AFFORDABLE RENTS URGENT DECISION

Key Decision

1. Executive summary

- 1.1 As part of the 2017/18 budget process, the Executive Councillor for Housing approved that rents and charges for affordable rented homes would continue to be capped, in line with local policy, at the prevailing rate of the Local Housing Allowance, which is well below the 80% market rent which affordable rented homes can be introduced at.
- 1.2 For 2017/18, this was expected to result in a freeze in rent, with anticipated freezes in Local Housing Allowance levels for 3 years from April 2017.
- 1.3 It has since been announced that the national review of Local Housing Allowance levels for the Cambridge area, has resulted in an increase in the Local Housing Allowance for both 2 and 4 bedroom properties. The rates for single rooms, 1 and 3 bedroom properties have been frozen as expected. The increase in rates for 2 and 4 bedroom properties is in recognition of the above average increase in market rental values for this size of dwelling in this area specifically.
- 1.4 As a direct result of this announcement, an urgent decision is sought, to allow the authority to reflect the increase in combined rents and charges for 2 and 4 bedroom affordable rented homes with effect from 3rd April 2017, to ensure that they continue to be capped at the Local Housing Allowance level in line with local policy.

- 1.5 This increase will impact 112 properties, not all of which are currently let. 110 of them are 2 bedroom properties and 2 are 4 bedroom properties.
- 1.6 The charge for a 2 bedroom property will change by £4.57 per week, on a 48 week rent basis (£4.22 on a 52 week basis) and the charge for a 4 bedroom property will change by £7.09 per week, on a 48 week rent basis (£6.54 on a 52 week basis)

2. Recommendations

The Executive Councillor, is recommended, under urgency, to:

Review of Rents and Charges

- a) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by 1%, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in a rent freeze from 3rd April 2017 for 1 and 3 bedroom properties, and a 3% increase in combined rents and charges for 2 and 4 bedroom properties.

3. Implications

(a) Financial Implications

The financial implications associated with the urgent decision to reflect the announcements of an increase in Local Housing Allowance levels for 2 and 4 bedroom properties will be incorporated into budgets and financial forecasts as part of the Medium Term Financial Strategy.

(b) Staffing Implications

There are no direct staffing implications associated with this urgent decision.

(c) Equality and Poverty Implications

An Equalities Impact Assessment was undertaken in respect of the HRA Budget Setting Report. This change will impact up to 112 households, but the increase in rents and charges will be fully eligible for housing benefit.

(d) Environmental Implications

There are no direct environmental implications associated with this urgent decision.

(e) Procurement

There are no direct procurement implications associated with this urgent decision.

(f) Consultation and communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2017/18, appended to this report.

4. Background papers

These background papers were used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2017/18
LHA 2017/18 Tables (as published by Communities and Local Government)

5. Appendices

Table 5 of the LHA 2017/18 Tables, as published by Communities and Local Government.

6. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Julia Hovells
Author's Phone Number: 01954 - 713071
Author's Email: julia.hovells@cambridge.gov.uk