

Report to: **Housing Review Board**

Date of Meeting: 20 June 2019

Public Document: Yes

Exemption: None

Review date for release None



Subject: **Assessment of the new Rent Standard from 2020**

Purpose of report: This report is to explain the new Rent Standard and its implications to EDDC.

Recommendation: **To note the changes to how rents will be increased from 2020.**

Reason for recommendation: Rents have decreased by 1% since 2016 except for a small number of exceptions where the rents have remained static. The Council have the ability to increase rents from April 2020 to maximise income for the HRA.

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Financial implications: All financial implications are set out within the body of the report.

Legal implications: The legal implications are set out in the body of the report.

Equalities impact: Low Impact
Applies to all social housing tenants

Risk: Low Risk

Links to background information:

- www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020

Link to Council Plan: Improving our communities - We will work in partnership with support agencies and other groups to improve the lives of all residents across the district.

1. Background

1.1 The Welfare Reform and Work Act 2016 and amendment regulations have required Registered Providers of social housing in England to reduce social housing rents by 1% a year for 4 years since 2016 and to comply with maximum rent requirements for new tenancies, subject to a few exceptions. This has meant a reduction in the amount of rent the Council could collect over the past 4 years and therefore a reduction in the amount of services which could be funded from the rent collected.

1.2 This reduction in rents is due to come to an end in April 2020 under the new Rent Standard, published by the Ministry of Housing, Communities and Local Government in February 2019.

2. Key changes to the rent policy from April 2020 onwards

- 2.1 The long-term deal announced by the government in October 2017, set out permitted annual rent increases for local authorities of up to CPI plus 1%, for a period of at least 5 years. This is the highest figure which may be applied to the rents and we will be able to apply a lower increase, or freeze or reduce our rents if we wish to do so.
- 2.2 The new policy allows the social housing sector to make the best possible use of its resources to help provide the homes that the country needs and also enables us as social landlords to be able to plan ahead financially.
- 2.3 The new policy comes into effect from 1st April 2020 and will affect both local authority providers and private registered providers of housing.

3. What this means for EDDC

- 3.1 The CPI figure is usually calculated on the figure as at September of the previous year, so we will not know the true calculations until nearer this time.
- 3.2 If we apply the changes to EDDC's rents, based on the current CPI for May 2019, it would mean an increase in rent income of £876,175.04 in the first year of the new rent standard from April 2020. This is an approximation of what we could expect as the new standard includes several exceptions, limits and rent caps. Obviously this also assumes that all our properties remain occupied for 52 weeks in that year and that all rents are able to be collected for our tenants.
- 3.3 The new Rent Standard allows EDDC to increase the Affordable Rent properties that we own and will be the first time we have increased these rents since 2016. However, temporary accommodation is one of the exceptions listed in the new Standard and will allow us to set our own rent charges to these properties.

4. The Impact on our Tenants

- 4.1 The average rent will rise from £79.16 per week to £82.12 per week, an increase of £2.96 per week or £153.92 per annum. For tenants currently claiming Housing Benefit or Universal Credit the increase will generally be accounted for, but others may find it difficult to cover this cost.
- 4.2 Our Rental team currently have strategies in place which we use to help tenants who are struggling financially. We use Homemaker South West, who are a relatively small, locally-based organisation to deal with money advice and tenancy sustainment. The primary purpose of Homemaker is to prevent homelessness and promote independence. They offer specialist advice and support to individuals and families who may be at risk of losing their home.
- 4.3 Homemaker is funded by EDDC so has no cost to the tenant and any tenant requiring financial help can be referred by any member of the Rents, Options or Housing Benefit Teams. They are limited by caseload and can only take someone new on when they have finished their current cases, whether that be by setting up budgeting plans, helping tenants through Personal Independent Plan appeals or applying for Debt Relief Orders on the tenants' behalf.

- 4.4 The Rental and Housing Options Team have also been working together to put procedures in place to prevent homelessness. The aim of this joint working is to provide visits, advice and support to tenants who are finding it difficult to cope, whether that be emotionally or financially.
- 4.5 A few other ways we help support our tenants are by referring tenants to foodbanks within the local area to help with short-term support whilst benefits are put in place. Furniture and white goods can be sourced with the help of Turntable Furniture who aim to improve the lives of those on very low income by providing them with the essentials to set up a home, re-using donated household items, which are in good, clean condition, which otherwise would probably have ended up in landfill. We can also refer to Pinpoint Devon which is a support network for thousands of services and community groups across Devon where we can try to find an appropriate service to help.
- 4.6 The down side to this situation is that whilst we are working harder to engage with tenants in distress, the arrears may rise whilst procedures are put in place to help the tenants find solutions to their problems.