



---

**Title:** Proposed Rent Increase for 2014/15

**Report of:** TGHC Head of Corporate Services

---

### **Purpose of Report**

1. To seek approval of the proposed increase to the rents for 2014/15.

### **Background**

2. The Rent and Service Charge Setting Policy was approved by the Board of Directors at the meeting on 21 January 2010 with a subsequent update on 12 May 2010.
3. The Rent and Service Charge Setting Policy details that the initial rent period for an assured tenancy must be in place for a minimum of 12 months. Any properties let during 2013/14 will not see a rent increase in April 2014.
4. The rents for the properties currently let and to be let in 2014/15 will be increased in line with the provisions within the Rent and Service Charge Setting Policy which allow for rents to be increased by inflation plus a maximum of 1%. We will undertake the rent increase in line with the guidelines as set out by the Homes and Communities Agency as they are within the parameters provided for in our Rent and Service Charge Setting Policy.
5. Final rents for New Build properties will be determined by valuation on completion and will be subject to local variation. They will be the subject of future board reports as the scheme progresses throughout the year.

### **Proposed increase**

6. The rent increase has been proposed in line with the HCA guidelines of RPI + 0.5% and is included in the Appendix. RPI in September was 3.2%, which provides for an increase of 3.7%, which is an average weekly rental increase of £2.98.
7. There is no proposed increase in service charges recommended for 2014/15.

## **Impact on Tenants**

8. The impact on tenants is in relation to the increased rent and service charges which are detailed in the Appendix. TGHC's Rent and Income Team are available for support and advice to tenants who may have difficulty paying.
9. TGHC's Rent and Income Team will be providing additional support to any tenant who is affected by the welfare reform changes, particularly in relation to under-occupiers.
10. The Rent and Service Charge Setting Policy details the reviews in relation to the rent and service charges and also provides tenants with the means to appeal any decisions made in relation to their rent and service charges.

## **Risk Management Implications**

11. The risks associated with the setting of rent and service charges are included within the risk register. The Rent and Service Charge Setting Policy will ensure that rents are set at a level to reduce the risks associated with setting incorrect rents.

## **Financial Implications**

12. The Rent and Service Charge Setting Policy has financial implications in relation to the income to be received by Keelman Homes – the rents have been set initially at a level that will ensure we can cover the costs of the loan and also to ensure that these are not substantially higher than current rents paid for similar properties in the Gateshead area.

## **Health Implications**

13. There are no direct health implications arising from this report.

## **Value for Money Implications**

14. There are no Value for Money implications arising from this report, however, this increase compares favourably with the average expected Council increase.

## **Equality and Diversity Implications**

15. There are no equality and diversity implications arising from this report.

## **Consultation Carried Out**

16. We advised tenants at the outset of their tenancy that they would not see an increase during their first year of their tenancy. We will be advising all tenants of the 2014/15 increase in writing where appropriate with 28 days notice

## **Recommendations**

17. The Board is recommended to:
- approve the proposed rent increases for 2014/15; and
  - not to increase service charges for 2014/15

### Kibblesworth Rent Increase Calculation

Rents have been increased by 3.7%. Therefore, the rents have been set as follows for the varying types of properties:

<u>Property Type</u>	<u>2013/14 Rents 52 Weeks</u>	<u>2014/15 Rents 52 Weeks</u>	<u>2014/15 Rents 50 Weeks</u>	<u>Weekly Increase</u>
2 bed house	£75.36	£78.15	£81.28	£2.79
3 bed house	£79.44	£82.38	£85.68	£2.94
3 bed corner house	£80.90	£83.90	£87.26	£3.00
4 bed house	£87.73	£90.98	£94.62	£3.25
5 bed house	£92.04	£95.45	£99.27	£3.41
2 bed bungalow	£73.03	£75.74	£78.77	£2.71
2 bed wheelchair bungalow	£75.97	£78.79	£81.94	£2.82

Average weekly increase = £2.98.

### Kibblesworth Service Charge

Service charges have not been increased. Therefore, the service charges have been set as follows for the varying types of properties:

<u>Property Type</u>	<u>2013/14 Service Charge 52 Weeks</u>	<u>2014/15 Service Charge 52 Weeks</u>	<u>2014/15 Service Charge 50 Weeks</u>	<u>Weekly Increase</u>
2 bed bungalow	£2.16	£2.16	£2.25	Nil
2 bed wheelchair bungalow	£4.27	£4.27	£4.44	Nil