



**Report to Board
16 January 2014**

Title: Proposed Rent Increase for TGHC Owned Properties 2014/15

Report of: Head of Corporate Services

Purpose of Report

1. To seek approval of the proposed increase to the rents for 2014/15 for The Gateshead Housing Company owned properties.

Background

2. The TGHC Rent and Service Charge Setting Policy was approved by the Board 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. However, we will increase the rents should any properties become void as the new tenants would be due to pay rent at the 2013/14 rental costs. These rents 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.

Proposed increase

5. TGHC own seven properties directly as follows:-
 - St Cuthbert's – 3 x 4 bed houses;
 - Victoria Bungalow;
 - Brandling School House;
 - Rowlands Gill Caretakers; and
 - Kibblesworth Lounge.
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 for St Cuthbert's of £3.42 and for the other properties of £3.23.

Impact on Tenants

7. 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.
8. 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.
9. Any welfare reform implications affecting the tenants in TGHC properties will be discussed with them directly by the Rent and Income Team. Advice and support will be available for these tenants should they require any further intervention.

Risk Management Implications

10. The risks associated with the setting of rents and service charges are included within the operational 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

11. The Rent and Service Charge Setting Policy has financial implications in relation to the income to be received by the Housing Company – the rents have been set initially at a level that will ensure we can cover the amount provided from reserves and also to ensure that these are not substantially higher than current rents paid for similar properties in the Gateshead area.

Health Implications

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

Value for Money Implications

13. 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

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

Consultation Carried Out

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

Recommendation

16. The Board is recommended to approve the proposed rent increases for TGHC owned properties for 2014/15.

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>
St Cuthbert's	£92.11	£95.53	£99.35	£3.42
Victoria	£82.69	£85.76	£89.19	£3.07
Rowlands Gill	£89.54	£92.85	£96.56	£3.31
Brandling School	£89.54	£92.85	£96.56	£3.31
Kibblesworth Lounge	£86.48	£89.69	£93.28	£3.21