



**Report to Board
15 January 2015**

Title: Proposed Rent Increase for 2015/16 for TGHC Owned Properties

Report of: Head of Corporate Services

Purpose of Report

1. To seek approval of a proposed increase to the rents for 2015/16 for The Gateshead Housing Company owned properties.

Background

2. The TGHC Rent and Service Charge Setting Policy was originally approved by the Board on 21 January 2010 with a subsequent update on 12 May 2010. The policy was subject to an internal review in December 2014. The review deemed that the policy is fit for purpose and as such no amendments are proposed for 2015/16 rent setting.
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 2014/15 will not see a rent increase in April 2015.
4. However, we will increase the rents should any properties become void as the new tenants would be due to pay rent at the 2015/16 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 (HCA) as they are within the parameters provided for in our Rent and Service Charge Setting Policy.

Proposed increase

5. TGHC own eight properties as follows:-
 - St Cuthbert's Drive – 3 x 4 bed houses
 - Victoria Bungalow, Station Road
 - Brandling School House, Mulberry Street
 - Dominies Close
 - Grange Street
 - Chopwell Bungalow, Derwent Street

6. The rent increase proposed for 2015/16 is in line with the HCA guidelines of CPI + 1% and the detail is set out in the Appendix to this report. CPI in September 2014 was 1.2%, which provides for an increase of 2.2%, which is an average weekly rental increase of £2.06. There are no service charges in relation to these properties.

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 and any welfare reform implications will be discussed directly with them.
8. The Rent and Service Charge Setting Policy provides tenants with the means to appeal any decisions made in relation to their rent and service charges.

Risk Management Implications

9. 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 ensures that the risk associated with setting incorrect rents is mitigated.

Financial Implications

10. The Rent and Service Charge Setting Policy has financial implications in relation to the income to be received by the Housing Company. The proposed increase in rents is in line with the provisions set out within the policy, guidance from the HCA and council proposals.

Health Implications

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

Value for Money Implications

12. There are no Value for Money implications arising from this report, however, the proposed 2.2% increase is in line with council proposals.

Equality and Diversity Implications

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

Consultation Carried Out

14. 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 2015/16 increase in writing where appropriate with 28 days notice.

Recommendation

15. The Board is recommended to approve the proposed rent increases for TGHC owned properties for 2015/16.

Rent Increase Calculation

Rents will be set as follows based on the proposed 2.2% increase:

Property Type	2014/15 Rents 52 Weeks	2015/16 Rents 52 Weeks	Weekly increase 52 Weeks	2015/16 Rents 50 Weeks
St Cuthbert's Drive	£95.53	£97.64	£2.11	£101.55
Victoria Bungalow	£85.76	£87.65	£1.89	£91.16
Mulberry Street	£92.85	£94.90	£2.05	£98.70
Dominies Close	£92.85	£94.90	£2.05	£98.70
Grange Street	£89.69	£91.67	£1.98	£95.34
Derwent Street	£97.08	£99.22	£2.14	£103.19

Average weekly increase = £2.06 (52 weeks)