

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 01 March 2021

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Fareham Borough Council Social Housing Rents Policy</b>
<b>Report of:</b>	The Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	Providing Housing Choices

**Purpose:**

To seek approval of the draft Fareham Borough Council Social Housing Rents Policy.

**Executive summary:**

In February 2019 the Government issued a Direction to the Rent Standard and a Policy Statement on Rents for Social Housing. These have enabled Local Authorities to be able to increase rents from 1 April 2020 by CPI +1%.

In order to bring the legislation together, continue the delivery of affordable housing and provide transparency on how the Council sets rent for its properties, the Housing Department has produced a draft Social Housing Rents Policy.

The Housing Scrutiny Panel considered the report on 4 February 2021 and had no comments for the Executive.

An EIA has been undertaken and has not identified any impacts for the protected characteristics.

**Recommendation:**

It is recommended that the Executive approves the draft Fareham Borough Council Social Housing Rents Policy, as provided in Appendix A to this report, for publication.

**Reason:**

To detail how the Council sets rent levels for its social and affordable housing properties.

**Cost of proposals:**

The cost of publication is covered in the existing Fareham Housing operational budget.

**Appendices:**

**A:** Fareham Borough Council Social Housing Rents Policy

**B:** Equalities Impact Assessment

**Background papers:**

**Reference Papers:** Affordable Housing Strategy (2019)

1 February Executive Report – Housing Revenue Account  
2021/22 Briefing Paper

4 February 2021 Housing Scrutiny Panel Minutes

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	01 March 2021
<b>Subject:</b>	Fareham Borough Council Social Housing Rents Policy
<b>Briefing by:</b>	The Deputy Chief Executive Officer
<b>Portfolio:</b>	Housing

#### INTRODUCTION

1. At its meeting of 3 February 2020, the Executive considered a report on the Housing Revenue and Account Budget. The report outlined the changes to the Government's *Direction on the Rent Standard* which permits an annual rent increase on social and affordable housing. Previously the Council had to apply an annual reduction of 1%.
2. The Government's Direction to the Rent Standard 2019 and subsequent Policy Statement on Rents for Social Housing permits an annual rent increase on both general needs and sheltered housing properties. This is for both social and affordable rent and the increase is up to CPI + 1% from April 2020 for a period of at least five years. This rent charge increase will also continue to apply to shared-ownership properties.
3. At the meeting of the 1 February 2021 the Executive considered a report from the Deputy Chief Executive and Section 151 Officer outlining the Housing Revenue Account 2021/22. The report sought approval to apply an increase in rents for Council dwellings by CPI +1%. This increase reflects what is contained within the Fareham Borough Council Social Housing Rents Policy.

#### THE FAREHAM BOROUGH COUNCIL SOCIAL HOUSING RENTS POLICY

4. The Fareham Borough Council Social Housing Rents Policy (hereafter referred to as 'the Policy') seeks to clarify how social and affordable housing rent is set. The language, charges and legislation around affordable housing can often be confusing. The Policy explains what each rent type is and how the charge is calculated, simplifying the legislation governing it.
5. The amount of rent charged differs depending on whether the property is social, affordable or shared ownership. Service charges may also apply at some properties; the Policy details where and why these will be applied. The Policy also acts as a guide to determine how rent will be calculated for new builds, detailed further on in this report.
6. The Government's Policy Statement on Rents for Social Housing does not allow for an increase in existing rents by more than CPI plus 1 percentage point in any given year.

The Policy reiterates this position, which applies to both social and affordable properties, ensuring that rents cannot increase above inflation.

7. The Council seeks to ensure that no-one is negatively affected by the Policy. Affordability is carefully considered prior to allocation from the Housing Register into an affordable/social rent property. Tenants are also advised well in advance of any increase.

## **NEW HOUSING**

8. The Affordable Housing Strategy commits to both building more affordable homes and purchasing private market housing. When properties are purchased, typically, the Council will use Right to Buy Receipts. The Policy states that where this is the case, these properties will have rent set at an affordable level. This is under agreement with the Ministry of Homes, Communities and Local Government and will help to offset any losses from Right to Buy.
9. Affordable rent was introduced in 2011 to allow delivery of quality homes at sub-market rent. In accordance with this principle, tenants of new build Council housing may be charged an affordable rent (80% of the property's market rental value, but where possible, set to the LHA cap). However, the Council may continue to charge social rent in areas of where need is highest, and it is feasible to do so.
10. The Affordable Housing Strategy commits to delivering more sheltered housing for older people. As with general needs accommodation, the Policy states that an affordable rent below 80% of the rental value may be charged at the new builds. The sheltered schemes currently charging social rent will remain as social rent unless they are subject to redevelopment.
11. Providing good quality, affordable homes for those in need is a key priority. A social rent level would be the idyllic situation for all of the Council's housing. However, in order to progress more development and maintain/improve existing stock an affordable rent will often need to be charged. The recently completed Oak Tree Close development was only feasible through charging affordable rent. Even with grant funding, delivery would not have been possible if a social rent was applied on this site.

## **SHARED OWNERSHIP**

12. Shared ownership allows the tenant to own a proportion of the property and rent the remaining share. Residents also have the option to 'staircase up' and buy the remaining shares in the property.
13. In order to align with other social housing providers, any new shared ownership properties or those who are staircasing will have the rent calculated based on the unsold equity. Prior to the Policy, rent for shared ownership was based on equivalent properties within the Council's portfolio. The charge was worked out by removing a percentage based on typical repairs costs from what the monthly rent would be as a social housing property.
14. Existing shared ownership tenants will not see a change in their rent. Exceptions are the annual rent increase (CPI +1%), or if additional shares are purchased. When this occurs, the tenant will be advised of the new amount prior to sale.

## **GARAGES**

15. The Council provides the opportunity for all residents to rent a garage. This includes Council tenants, named leaseholders, and private residents. Rents for Council garages are not covered by the Government's Rents Standard and in recent years have had weekly rent increase by 50p per annum.
16. The Policy now states that annual increase in rent will be CPI plus 1 percentage point, to align increases with dwelling rents. This year will see garage rents for 2020/21 increase by 20p per week.

## **HOUSING SCRUTINY PANEL**

17. The Housing Scrutiny Panel considered the Policy at the 4 February meeting. The Panel were provided with a report by the Deputy Chief Executive Officer that gave an overview of the Social Housing Rents Policy and a copy of the draft Policy. Members of the Scrutiny Panel were invited to put forward any comments for the Executive to consider in any subsequent decisions about the document. No comments were made.

## **EQUALITY IMPACT ASSESSMENT**

18. An Equality Impact Assessment (EIA) has been undertaken of the Social Housing Rents Policy. This is included as Appendix B to this report. The EIA has not identified any detrimental equality impacts as a result of the proposed policy.

## **RISK ASSESSMENT**

19. There are no significant risk considerations in relation to this report

## **CONCLUSION**

20. The Policy brings together existing legislation and explains how the Council sets rent in its social housing stock. It is designed to provide transparency and act as a guide for how rents are set in new and existing Council homes.
21. The Policy is an important document to assist in ensuring solvency of the HRA; which is key in continuing delivery, improvement and maintenance of affordable properties for those in need. The Executive is invited to comment and approve the document.

**Enquiries:** For further information on this report please contact Fleur Allaway (Ext 4304)