



Reference No. {for Democratic Services use}

## NOTICE OF DECISION OF THE CABINET MEMBER FOR Community and Wellbeing

Pursuant to the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, Regulation 13(1) and Section 9F (4) of the Local Government Act 2000

### Proposed rent increase for Council owned temporary accommodation

<b>Decision</b>	<p>To increase the rents of Council owned temporary accommodation to the April 2018 Local Housing Allowance (LHA) rates for the relevant sized property in the appropriate Broad Rental Market Area (BRMA).</p> <p>Consider annually the rent levels of temporary accommodation in line with local housing allowance rates.</p>
<b>Reason for Decision</b>	The Council is not maximising income through rents it charges to households in temporary accommodation
<b>Possible alternatives considered but rejected</b>	<p><b>Maintain rents at existing levels</b></p> <ul style="list-style-type: none"> <li>• Not recommended because it fails to increase the income the Council could generate. The existing level was set seven years ago and is not reflective of the current LHA rental levels.</li> </ul> <p><b>Increase rents to market level</b></p> <ul style="list-style-type: none"> <li>• Not recommended as rent would exceed a level deemed affordable by housing benefits, as set out by local housing allowance rates</li> </ul>
<b>Conflict of interest and any dispensations granted</b>	N/A
<b>Date of Decision</b>	15 <sup>th</sup> November 2018
<b>Date by which decision may be implemented</b>	01 <sup>st</sup> April 2019

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This decision is an executive decision as described in Section 14 of Part 4C *Overview and Scrutiny Procedure Rules* of the Constitution of the Council. A copy of this decision notice has been provided to all members of the council and the Chairman of the Overview and Scrutiny Committee.

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Signed:



**Cabinet Member for Community and Wellbeing**

Not Exempt

## Background Information

### 1 Introduction and Background

1.1 The purpose of this report is to consider increasing rents charged to tenants living in the Council's 76 temporary accommodation units.

1.2 Horsham District Council has a statutory duty to provide temporary accommodation to all applicants who are deemed to be, eligible, homeless and in a priority category under the homelessness legislation. In order to meet this duty it has its own small stock of temporary accommodation and leases a block of flats from a Registered Provider. These units now total 76 and are split as follows:

	Flats	Houses
Studio / bedsits	8	0
One bedroom	32	0
Two bedroom	23	0
Three bedroom	3	10

1.3 Rents of temporary accommodation haven't been increased since 2011 and were set just under the maximum of 90% of the January 2011 LHA rate plus a weekly management fee of £60.

1.4 In 2017 central government withdrew the ability for Councils to charge a weekly management fee. As such the rents were set at 90% of the January 2011 and a flexible homeless support grant (FHSG) allocated to Council's to mitigate the impact of this action.

1.5 It is proposed to increase our temporary accommodation rents to the April 2018 LHA rate. This proposal will:

- To increase the income the Council can generate through rents. This income can offset some of the additional costs of accommodating homeless households in bed and breakfast accommodation.
- Bring temporary accommodation rents more in line with rents charged by registered providers in permanent affordable housing. In some instances registered providers exceed LHA levels.
- Better prepare households to manage the costs they will be expected to meet when in permanent affordable housing.

1.6 Temporary accommodation rents costs will be annually reviewed to ensure they remain affordable for residents whilst reflecting the local housing rent levels and ensure a return for the Council.

## 2 Relevant Council policy

- 2.1 This proposal supports the Corporate Plan objective to endeavour to prevent homelessness throughout the District. Additional income collected through this proposal can support the continued delivery of housing services.
- 2.2 This proposal further supports the Council to deliver a balanced budget over the medium term.

## 3 Details

- 3.1 This proposal would approve rents of Council secured temporary accommodation are increased to the April 2018 Local Housing Allowance rates.
- 3.2 Local Housing Allowance (LHA) rates are used to calculate housing benefit for tenants and relate to an area in which a claim is being submitted. These areas are called Broad Rental Market Areas (BRMA) and Horsham District is split into four separate BRMA's.
- 3.3 LHA rates are based on private market rents being paid in the BRMA. Rental Officers for the Valuation Office Agency (VOA) collect rental information and set the LHA rates annually. Mathematical calculations are applied to the list of rents which are set at the lower of either the 30<sup>th</sup> percentile on a list of rents in the BRMA or the exiting LHA rate for that sized property.
- 3.4 The LHA rate is a maximum amount a household in receipt of financial support for rent costs can expect to receive towards their rental obligation.
- 3.5 Rents can be increased in excess of the relevant LHA rates but must be demonstrated to be reasonable charges. The proposed LHA rate cap would ensure that families in receipt of housing benefit/housing cost support to cover their rent costs can still meet their rental obligation.
- 3.6 In accordance with section 25 of the Housing Act 1985 states that the rent payable may be increased without the (existing) tenancy being terminated, with effect from the beginning of a rental period by a written notice of increase given by the authority to the tenant. In the case of the Council the licences to occupy are charged on a weekly basis.
- 3.7 The LHA rates are deemed to be an appropriate level to increase rents to for the following reasons:
- Within housing benefit payment thresholds
  - Will more closely align rents of temporary accommodation with those of permanent accommodation which in most cases cannot exceed LHA rates
- 3.8 A majority of tenants (89%) living in the Council's temporary accommodation are in receipt of full housing benefit or partial housing benefit to meet their rent costs. Those tenants in receipt of partial housing benefit support can expect an increase in housing benefit entitlement to reflect their increase in rental obligation.

The 11% of households (eight households) covering their rental obligation themselves will be entitled to submit a new claim for housing benefit and may be entitled to assistance based on a higher rent or will be assessed as being able to continue covering their rent based on their income with no additional support.

These tenants will be closely monitored by the Temporary Accommodation Housing Officer and appropriate support offered if deemed necessary.

3.9 This proposal has been subject to review by legal colleagues in house and confirmed by Counsel. Advice confirmed the notice period required and that an Equality Impact Assessment should be carried out with current residents of temporary accommodation if the recommendation is to be implemented.

3.10 The Equality Impact Assessment referred to in section 3.9 has been completed.

## **4 Next Steps**

4.1 Tenants of temporary accommodation will need to be provided with 28 days' notice of any rent increase.

## **5 Outcome of Consultations**

5.1 S151 officer supports this proposal.

5.2 The proposal has been subject to internal and external legal review.

5.3 Community & Wellbeing PDAG – no concerns raised in respect of the proposal. The group were reassured that support will be available through our temporary accommodation officer and Citizen's Advice money advice worker to mitigate any additional financial pressures.

5.4 Homeless Prevention Manager and Temporary Accommodation Housing Officer both support this proposal.

5.5 All residents of temporary accommodation have been directly contacted in writing to advise of this proposal. No responses raising any concerns have been provided.

## **6 Resource Consequences**

6.1 This proposal will generate additional income for the Council of approx. £90,000 per year based upon full occupancy of accommodation.

## **7 Legal Consequences**

7.1 This proposal has been considered by the Council's senior solicitor and his recommendations supported by external Counsel's advice. Advice confirmed the requirement of an Equality Impact Assessment being undertaken and relevant notice of a rent increase being served to minimise any challenge under the Equalities Act or through judicial review.

## 8 Risk Assessment

- 8.1 There is a risk that the increase in rent may make the temporary accommodation unaffordable for a households and we as a Council have a reduced income. A majority of households in temporary accommodation (89%) are in receipt of full or partial housing benefit. For these cases their housing benefit assessments will be updated to reflect the increased rent.

Households meeting their rental obligations themselves (eight households based on August 2017 data) will be able to submit a claim for housing benefit support and may be eligible for assistance based on a higher rent level. Any household that struggles to meet the proposed rent levels will be supported by the Temporary Accommodation Housing Officer to explore income maximisation and debt solutions through the Council's dedicated Citizens Advice money advice service.

## 9 Other Considerations

- 9.1 The action proposed will protect the quality of life, and thus the wellbeing of those in need.
- 9.2 There is a high correlation between homelessness and crime and by maximising the potential income stream from existing properties the Council will be better placed to sustain its housing service and respond to increasing demands for affordable housing.

## Background Papers

None

**Wards affected:** All wards with temporary accommodation, Storrington, Steyning, Billingshurst, Pulborough, Horsham Park (Horsham), Holbrook West (Horsham), Denne (Horsham), Southwater, Holbrook East (Horsham), Cowfold Shermanbury and West Grinstead, Roffey South (Horsham), Broadbridge Heath

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