

	<p style="text-align: center;">ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 18 December 2015</p>
<p style="text-align: right;">Title</p>	<p>Council Rents Policy</p>
<p style="text-align: right;">Report of</p>	<p>Commissioning Director. Growth and Development</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
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Summary

The Council's Housing Strategy sets out that the Council will operate a rents policy that reflects national rent policy, and this report sets out in more detail how this will operate in Barnet.

Decisions

Approve the method for the setting of affordable rents for new council homes.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Council's Housing Strategy 2015-2025 includes the objective to deliver homes that people can afford, and sets out that council rents for existing tenants will fall by 1% a year for the next four years from April 2016, following which they are expected to increase by Consumer Price Index (CPI) + 1%.

- 1.2 The Housing Strategy also states that new council homes being delivered on its own land will be subject to affordable rents set at 65% of average private sector market rents or Local Housing Allowance (LHA) whichever is lower.
- 1.3 This report sets out how the approach to rent setting for new council homes set out in the Housing Strategy will be applied.
- 1.4 Prior to new council properties being completed, a RICS¹ qualified surveyor is instructed to undertake a survey of the properties to ascertain their average market rent value- this will be done in line with the RICS red book procedure.
- 1.5 An affordable rent will be calculated at 65% of the average market value provided by the surveyor.
- 1.6 Where a council property let at an affordable rent becomes empty, the average market rent value will be reviewed to take account of current market values and the affordable rent recalculated at 65% of any revised value before it is re-let.
- 1.7 In all cases, the actual rent charged will not exceed the maximum LHA rate applicable to the size of the property in the Broad Rental Market Area in which it is situated.
- 1.8 Service charges that are eligible for Housing Benefit (e.g. grounds maintenance, caretaking and communal lighting) will be included in any rent figure calculated in line with 1.5 to 1.7 above.
- 1.9 Service charges that are not eligible for Housing Benefit (e.g. heating and hot Water), will be added on to any rent calculated in line with 1.5 to 1.7 above.
- 1.10 In line with Government Policy, the affordable rent that applies at the end of each financial year will be reduced by 1% at the start of the next financial year for the current tenant up to and including 2019-2020.
- 1.11 The approach of existing tenants will be dealt with in the Annual Review of Council Dwelling Rents and Service Charges for 2016/17 which will be reported the Housing Committee in February 2016.

2. REASONS FOR DECISIONS

- 2.1 The Council's Housing Strategy sets out at a high level how rents will be set for new council homes; however, more detail is need on how rents for individual properties will be determined.

¹ Royal Institute of Chartered Surveyors

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3.1 Affordable rents for new council homes could be set either 50% or 80% in line with discounted or capped rents the London Mayor's Housing Strategy.

3.2 However, the council recognises that high property values in Barnet means local private sector rents are 19% higher² on average than across outer London as a whole, and will therefore set affordable rents at 65% of median private sector rents to take account of this.

4. POST DECISION IMPLEMENTATION

4.1 The approach to rent setting for new council homes described in this report will be implemented with immediate effect.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Housing Strategy, which sets out the approach that the council will take to rent setting, is aligned with the Corporate Plan.

5.1.2 The health and well-being strategy recognises the importance of housing in underpinning the quality of life and health for individuals and communities, and the roles that the Housing Strategy has in increasing housing supply including affordable homes. Affordable rents for new council homes will help to fund the delivery of more affordable homes.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Affordable rents will be administered by the Council's Arm's Length Management Organisation (ALMO), Barnet Homes, who will maintain an affordable rents procedure.

5.2.2 Existing council rents are on average 30% of private sector rents, so charging affordable rents at 65% of private sector rents for new council homes delivered on its own land will raise additional income for the Housing Revenue Account that will contribute to the HRA Business Plan.

5.3 Legal and Constitutional References

5.3.1 The Localism Act 2011 introduced self-financing (or self-funding) for council housing. The national subsidy system has been abolished and a new funding regime introduced giving local authorities more autonomy to set Council rents.

5.3.2 Section 24 of the Housing Act 1985 gives a local housing authority the power to set rents, making "such reasonable charges as they may determine for the

² Source Valuation Office Agency tables 13 December 2012

tenancy or occupation of their houses' subject to certain considerations and to review the rents from time to time and adjust them as circumstances require.

- 5.3.3 Guidance³ for local authorities issued by the Government in 2012 sets out that it is intended that replacement homes provided using right to buy receipts should be affordable.
- 5.3.4 The Council's Constitution (Responsibly for Functions, Annex A) sets out the responsibilities of the Housing Committee which includes "to work with Barnet Homes, RSLs and social housing providers to ensure the optimum provision of housing and associated facilities for those who require social housing" as well as considering housing strategy and policies. .
- 5.3.5 The Council's Constitution (Responsibly for Functions, Annex B) sets out the delegations to officers as being "in accordance with any approved plan, policy or strategy, (b) not raising new issues of policy or precedent, and (c) not of such sensitivity or significance that it is appropriate for the matter to be referred to members for approval. This decision is in accordance with the Policy of the Housing Committee, does not raise new issues of policy, and as it merely sets out a mechanism by which market value is calculated is not sensitive or significant.

5.4 **Risk Management**

- 5.4.1 There is a risk that some larger households will not be able to pay affordable rents due to the impact of the benefit cap, which limits the amount of benefit that workless households can claim. This will be mitigated by carrying out affordability assessments on prospective tenants.

5.5 **Equalities and Diversity**

- 5.5.1 Pursuant to Section 149 of the Equality Act 2010 ("the Act"), the Council has a duty to have 'due regard' to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act, advancing equality of opportunity between persons with a protected characteristic and those without and foster good relations between persons with protected characteristics and those without.
- 5.5.2 The protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, region or belief, sex and sexual orientation.
- 5.5.3 A full Equalities Impact Assessment was carried out in relation to the Council's Housing Strategy, which identified that the overall impact of the strategy was positive.
- 5.5.4 Affordable rents will help to fund the building of new council homes on infill sites by Barnet Homes to increase the supply of housing that is available to

³ DCLG, *Reinvigorating the Right to Buy and one for one replacement: information for local authorities*, March 2012

housing applicants in housing need. This group is likely to be more ethnically diverse than the existing Barnet Homes tenants and younger and the commitment to new family sized accommodation reflects the needs of cultural groups.

5.6 Consultation and Engagement

5.6.1 Extensive consultation was undertaken in relation to the Housing Strategy, including a 12 week public consultation between 6 January 2015 and 31 March 2015. The consultation included an online survey as well as presentations to the Housing Forum, Barnet Homes Performance and Advisory Group, and Barnet Landlords Forum.

6. BACKGROUND PAPERS

6.1 Relevant previous decisions are indicated in the table below:

Item	Decision	Link
Council, 20 October 2015, Item 12. Report of Housing Committee, Housing Strategy and Commissioning Plan	Approved the Council's Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4
Policy and Resources Committee, 17 February 2015 on recommendation of Housing Committee. 2 February 2015	Approved rent increase of Consumer Prices Index (CPI) plus 1% for council dwellings as set out in paragraph 1.5 and to recommend for adoption from April 2015	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7865&Ver=4 http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=7937&Ver=4

7. DECISION TAKER'S STATEMENT

7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

8.1 Implementation of affordable rents for new council homes as set out in this report with immediate effect.

Signed



18 December 2015

Date
