

ANGUS COUNCIL

Housing Committee (Special Meeting) - 9 February 2004

HOUSING REVENUE ACCOUNT 2004/2005  
PROPOSED APPLICATION OF RENT INCREASES

REPORT by DIRECTOR OF HOUSING and DIRECTOR OF FINANCE

**ABSTRACT**

This report follows consideration of the Housing Revenue Account budget for 2004/2005 and gives a recommendation on how the required rental increase could be applied to the Council's Housing Revenue Account stock. The report also details proposals regarding increases in rents on Housing Revenue Account garages.

**1. RECOMMENDATION**

It is recommended:-

- a) The rental income requirement, as detailed in the Director of Finance's report earlier on the agenda, in relation to houses on the Housing Revenue Account for 2004/2005 be met by application of increases as detailed in this report.
- b) All garage rents currently at £161.00 be increased to £167.90 per annum for the 2004/2005 year.

**2. HOUSE RENTS--ASSUMPTION**

This report assumes that an **average** rent increase of £1.61 per week (52 week/year) (equal to 4.5%) will be applied.

Should the Council decide to vary the overall budget, the Directors of Housing and Finance will review the proposals accordingly (within terms of item 4 below). This will allow for the preparation and issuing of statutory rent increase notices.

**3. BACKGROUND**

- a) Council rental policy (per report 112/95 to the Housing Committee on 25 October 1995) is one of basing rents on the house type, size and letting potential (or desirability) and standardising rents accordingly.

- b) The rental requirement be applied to all houses **currently** active on the system accepting this will reduce due to sales, demolitions, disposals etc. throughout the year ahead.

This represents an average annual rent in 2004/2005 of £1,940.92. The current average annual rent in 2003/2004 is £1857.34.

This results in an **average** annual rent increase of £83.58 (4.5%) (equal to £1.61 per week per house over a 52-week year).

- c) Angus Council currently (2003/2004) has the fourth lowest average rent of the 32 housing authorities (COSLA publication).

Naturally much depends on rent increases currently being considered by all authorities but even allowing for the increases outlined above, the Council will have one of the lowest average rents within Scottish Authorities (details will be reported once available).

The proposed 2004/2005 average weekly rent (52-week/year) in Angus of £37.33 will compare favourably with the rentals for Dundee, Perth and Kinross Councils and other neighbouring Authorities.

- d) Tenants will be encouraged to apply and reapply for Housing Benefit (or rebate) - the whole of the rental charge is eligible for consideration under the Scheme.
- e) Other charges to be applied against Sheltered Housing Scheme tenants under the Supporting People regulations and housing support charge measures will be referred to in a separate report.

#### **4. PROPOSED APPLICATION OF RENT INCREASE**

Bearing in mind policy (see 3 a) above), it is proposed to apply rent increases subject to the undernoted points:

- a) Differentials will continue to be in-built in respect of higher rather than lower letting potential properties.
- b) The annual review of letting potential codes and R1114/02 ("Rent Structure – Proposals for Rationalisation") whereby 322 changes will be made.
- c) Target rents being increased accordingly.
- d) To assist Housing Benefit calculations, all annual rents be equally divisible by 46.
- e) Maximum increases being applied as follows:- £138 per annum (or £3.00 per week (46)) to certain cottage terraced and maisonette type houses. This will apply to 2653 houses.
- f) Lesser increases being applied as follows:-

£115 per annum (or £2.50 per week (46)) on 2413 houses.  
£92 per annum (or £2.00 per week (46)) on 3803 houses.  
£nil on 5 houses (with reduced letting potential).

## **5. GARAGE RENTS**

The Council manage 1,811 garages held on the Housing Revenue Account all with current year (2003/2004) annual rents of £161.00.

It is proposed, given the reasonably healthy demand for garages, to increase rents by £6.90 per annum (4.3%) to £167.90 from April 2004. This will generate an additional £12,500 per annum.

## **6. CONSULTATION**

The Chief Executive and Director of Law and Administration have been consulted and are in agreement with the terms of this report.

## **7. HUMAN RIGHTS IMPLICATIONS**

There are no Human Rights implications arising from this report.

**RON ASHTON**  
Director of Housing

**DAVID SAWERS**  
Director of Finance

Note:- No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.