

Report of: Graham Stratford

Title: **RENT LEVELS FOR PRIVATE SECTOR LANDLORD PROPERTIES**

Ward: All

Report author: Dennis Boobier
Contact Tel No: 252660
E-mail address: dboobier@oxford.gov.uk

Key Decision: Yes

Lead Member: Councillor Ed Turner

Scrutiny responsibility: Housing

RECOMMENDATIONS

Members are asked to:

- 1.0 Agree to set the rent for PSL properties at £222.30 for exclusive use of one room and £228.20 for exclusive use of more than one room or a whole property.**
- 2.0 Agree to continue to set charges recoverable from tenants for heating and lighting at the HB standard deduction rate.**
- 3.0 Agree to continue to set a charge for water at £1.50 per week recoverable from tenants.**
- 4.0 Agree to set the rent for Nightly Charge Accommodation at £175 per week (equivalent to £25 per night).**

1. Summary

At the Executive Board held on 28th June 2004 the Executive Board agreed recommendation to increase the weekly rent for Private Sector Leased (PSL) properties used as 1st Stage Accommodation. The rent level was increased to £215.30 for exclusive use of a single room and £221.20 for exclusive use of more than one room or a whole property.

The Executive Board is asked to increase PSL rents to the non-HRA rent rebate cap level as set out in Housing Benefit and Council Tax Benefit Circular HB/CTB S1/2005 to enable the Council to maximise income. Therefore PSL rent should be increased from 4 April 2005 to £222.30 for exclusive use of a single room and £228.20 for exclusive use of more than

one room or a whole property. This includes a service charge that is not eligible for Housing Benefit and covers costs such as heating, lighting, and water charges. The Council should recover these costs from tenants. Housing Benefit apply a standard deduction to HB payments– currently £7.10 each week for heating and lighting. In addition the Council should charge £1.50 per week for the cost of water. These amounts are payable by the tenant.

The current level of rent in nightly charge accommodation (NCA) should also be increased to cover Council costs. From 4 April 2005 NCA rent level should be set at £175 per week (equivalent to £25 per night).

2. The Council Vision and Strategic Aims

The ongoing use of PSL accommodation helps deliver the Council’s vision in terms of the provision of affordable housing and in enhancing community safety, by increasing the availability of suitable housing for those persons in need of high levels of support, and will contribute to the financial stability of the Council by reducing cases of homelessness and costs.

The proposal also accords with the broad themes of the Council’s Community Strategy.

3. Background and context

The PSL scheme is providing good quality value for money temporary accommodation for homeless households. It has allowed the Council to reduce the need for NCA, especially for homeless family households.

The current rent level for PSL properties is £215.30 for exclusive use of one room and £221.20 for exclusive use of more than one room or a whole property. The rent level should be increased to the non-HRA rent rebate cap level to enable the Council to maximise income. Therefore PSL rents should be increased from 4 April 2005 to £222.30 for exclusive use of a single room and £228.20 for exclusive use of more than one room or a whole property. This includes a services charge that covers the utility costs including water paid for by the Council. The total service charge for households in 2004/05 having exclusive use of a single room will be £8.60 per week and £14.50 per week for households having exclusive use of more than one room or of a whole PSL property. See example below.

Example – Exclusive use of one room	
Rent	222.30 (213.70 non HRA rent rebate threshold + charges)
HB Standard deductions	7.10
Water Rates	1.50
Rent eligible for HB	213.70

Example – Exclusive use of more than one room or whole property

Rent	228.20
HB Standard deductions	13.00
Water Rates	1.50
Rent eligible for HB	213.70

The current cost of NCA is £175 per week. However, the weekly rent charged by the Council is £106.74 per week and has been set at this level for a number of years. Most homeless households remain in NCA for a few nights only, usually over a weekend, and the Council is usually charged £25 per night by the Landlord. Members are asked to increase the weekly rent to £175 per week to cover the cost to the Council.

4. Advantages and disadvantages of the options considered.

Members could agree to leave PSL and NCA rent at current levels, however, that would limit the potential income to the Council in 2005/06

5. Financial implications

Council will maximise potential income in 2005/06

6. Legal implications

There are no legal implications

7. Staffing Implications

There are no staffing implications.

8. Other possible means of achieving the objectives

None.

9. The grounds for recommending a particular option

This is the most cost effective way of managing these properties and maximising income to the Council.

10. The timetable for action following the decision

System changes to be implemented in March 2005.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Portfolio Holder: Councillor Ed Turner
Legal and Democratic Services: Julie Thomlinson - Legal
Financial Management: David Higgins – Finance