

**To: Executive Member: Environment, Community and Housing
16 September 2024**

**Temporary Accommodation Rent Increase
Executive Director: People**

1 PURPOSE OF DECISION

- 1.1 To agree to an increase in the rents for temporary accommodation based on increases in the local housing allowance from April 2024.

2 DECISION

- 2.1 The Executive Member for the Environment, Community and Housing is asked to:**

- (i) **Approve the proposed increase in rents.**

3. REASONS FOR RECOMMENDATION(S)

- 3.1 Temporary accommodation rents have not been increased for at least 4 years due to the freezing of Local Housing Allowance (LHA) in 2020.
- 3.2 The LHA levels were unfrozen in April 2024 with increases in all eligible household sizes.
- 3.3 Increasing the rent levels and including additional property purchases made recently, is expected to increase income by approximately £20,000 per month once fully implemented.
- 3.4 At least 94% of all current temporary accommodation tenants are in receipt of full housing allowance which will cover the increase in rent, therefore most of our customers will not face any discernible increase in rent levels.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not increasing the rent will result in a loss of income that would otherwise be available to support the council's expenditure.

5 SUPPORTING INFORMATION

5.1 HOUSING STOCK

- 5.2 The Council currently owns a stock of 134 properties used for temporary accommodation for homeless households which includes Tenterden Lodge with 11 lettable rooms.
- 5.3 As well as these owned units, the Council also manages several properties leased from private landlords on long term leases for the same purpose.
- 5.4 The amount of rent the Council can charge tenants has been a challenge due to the complexities of the housing benefit subsidy rules and potential for a large loss of subsidy if the rent was set too high.
- 5.5 The housing and welfare services have obtained expert advice on this matter, and have confirmed the position with DLUHC colleagues, with confirmation that we are able to charge rent up to the Local Housing Allowance (LHA) levels without any loss of subsidy for stock owned and managed by the Council.

- 5.6 As a result of this advice, the housing service proposes to increase the rents to the current April 2024 LHA levels in the stock owned and managed by the Council to reflect the increased costs associated with the provision of accommodation and as no increase to rents have been made in several years.

6 Consultation and Other Considerations

Legal Advice

- 6.1 The Localism Act 2011 introduced 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.
- 6.2 Under section 24 of the Housing Act 1985, a local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses. They shall from time-to-time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.
- 6.3 The Local Government and Housing Act 1989 requires the council to prevent a debit balance within the Housing Revenue Account, and to act reasonably in making assumptions and estimates and to act prudently.
- 6.4 Section 18 of the Landlord and Tenant Act 1985 sets out the basic ground rules for service charges, defining what is considered a service charge, these are defined as 'an amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management; and the whole or part of which varies or may vary according to the relevant costs'.

Financial Implications

- 6.5 Increasing the rent charged for all of the Council's properties (including former DHL units) to the April 2024 LHA rates based on the number of bedrooms available from September 2024, will increase the full year gross rental yield by approximately £146,000 (£187,000 in 2024-25).

7 Impact on temporary accommodation tenants.

- 7.1 The proposed increase in rent will have a minimal impact on current and future temporary accommodation tenants as the increase will be absorbed by housing benefit for nearly all tenants.
- 8.2 At present, approximately 94% of all temporary accommodation residents are in receipt of full housing benefit with the remainder in receipt of partial housing benefit.
- 8.3 Therefore, any increase in rent will have no financial impact for the vast majority, the remainder will have increased entitlement to housing benefits in proportion to any increase in rent.

9 Equalities Impact Assessment

- 9.1 There are no equality impact assessment matters associated with this report following completion of an EQIA assessment.

10 Strategic Risk Management Issues

- 10.1 The risk associated with increasing the rent in Temporary Accommodation relates to the public perception of a rent increase during a cost of living crisis.
- 10.2 As stated in 3.4 above, 94% of all temporary accommodation residents are in receipt of housing benefits to pay their rent and will thereby not have to pay any additional rent themselves.
- 10.3 The statutory guidance on rent setting for social rented properties allows Registered Providers and Local Authorities with housing stock to agree a 7.7% increase in rents in 2024.¹ This guidance does not apply to temporary accommodation owned and managed by the Council.
- 10.4 The proposed increase in temporary accommodation rents accounts to an 8.3% increase, noting that temporary accommodation rents have not been increased for at least four years.

12 Climate Change Implications

- 12.1 There are no climate change implications associated in this report.

Brian Daly
Head of Housing
Bracknell Forest Council
15 August 2024

¹ <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020>