

**Residential Rent Setting Policies**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Housing and Community Cohesion Policy Advisory Committee	14 January 2025
Cabinet (Cabinet Member for Housing and Homelessness)	22 January 2025

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	None
<b>Final Decision-Maker</b>	Cabinet
<b>Lead Head of Service</b>	John Littlemore
<b>Lead Officer and Report Author</b>	Julie Shuter
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

To consider approving the attached rent setting policies for residential accommodation owned and managed by Maidstone Borough Council and Maidstone Property Holdings. Amending the approach to charges levied for Council owned temporary accommodation that may increase income by up to £600K.

**Purpose of Report**

To provide rent setting policies across the Council's residential housing stock.

- 1) Affordable and Social Housing
- 2) Temporary Accommodation
- 3) Maidstone Property Holdings

The report also proposes a change relating to the application of the regulations for housing benefit for setting rents across MBC owned and leased temporary accommodation (TA).

**This report makes the following recommendation to the Cabinet:** That

1. The attached appendices to the report be approved;
2. The revised charge calculation be applied to all Maidstone Borough Council owned and short-term leased Temporary Accommodation; and
3. The Head of Housing and Regulatory Services, in agreement with the Head of Finance, be given delegated authority to amend temporary accommodation rental charges in exceptional cases, as set out in section 5 of the report.

# Residential Rent Setting Policies

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>• Accepting the recommendations will materially improve the Council’s ability to achieve the corporate priorities.</p>	Head of Housing and Regulatory Services
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendations support the achievements of the cross-cutting objectives by providing capacity to invest in the councils housing stock and support the provision of more homes.</p>	Head of Housing and Regulatory Services
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Contained within the reports and the polices attached in the appendices</li> </ul>	Head of Housing and Regulatory Services
<b>Financial</b>	<ul style="list-style-type: none"> <li>• We expect accepting the recommendations could result in net extra income in the region of £600k per annum. This income is above amounts already accounted within the Council’s financial planning.</li> </ul>	Section 151 Officer & Finance Team
<b>Staffing</b>	<ul style="list-style-type: none"> <li>• We will deliver the recommendations with our current staffing</li> </ul>	Head of Housing and Regulatory Services

<b>Legal</b>	<ul style="list-style-type: none"> <li>Acting on the recommendations is within the Council's powers as set out within the body of the report.</li> </ul>	Legal Team
<b>Information Governance</b>	<ul style="list-style-type: none"> <li>The recommendations do not impact further on personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.</li> </ul>	Head of Housing and Regulatory Services
<b>Equalities</b>	<ul style="list-style-type: none"> <li>The recommendations do not propose a change in service therefore will not require an equalities impact assessment.</li> </ul>	Policy & Information Manager
<b>Public Health</b>	<ul style="list-style-type: none"> <li>We recognise that the recommendations will not negatively impact on population health or that of individuals.</li> </ul>	Head of Housing and Regulatory Services
<b>Crime and Disorder</b>	<ul style="list-style-type: none"> <li>There are no implications to Crime and Disorder</li> </ul>	Head of Housing and Regulatory Services
<b>Procurement</b>	<ul style="list-style-type: none"> <li>No procurement implications</li> </ul>	Head of Housing and Regulatory Services
<b>Biodiversity and Climate Change</b>	<ul style="list-style-type: none"> <li>No implications for biodiversity and Climate Change</li> </ul>	Head of Housing and Regulatory Services

## 2. INTRODUCTION AND BACKGROUND

- 2.1 It is a requirement for MBC to adopt rent setting policies across the Council's residential housing stock. There are three documents at appendix 1, 2 and 3 that provide the content of these.
- Rent Setting Policy for Affordable and Social Housing
  - Rent Setting Policy for Temporary Accommodation
  - Rent Setting Policy Maidstone Property Holdings
- 2.2 In addition, a change is proposed relating to the application of the regulations for housing benefit for setting rents in all MBC owned Temporary Accommodation (TA), which will provide increased income of approximately £600K per annum.
- 2.3 Until now the rents charged for residents has been based on a presumption that the standard housing benefit subsidy rules for TA apply.
- 2.4 Where an applicant is not eligible for Housing Benefit they must still pay their rent and the council must ensure that the rents are affordable.

- 2.5 In the Government's Autumn Statement in November 2023 the Chancellor announced that from April 2024 LHA rates will be aligned at the 30<sup>th</sup> Centile of market rents and this will mean they increase. The actual 2024/25 LHA rates will not be announced by DWP until January or February 2025.
- 2.6 Appendix 4 below shows the difference between 90% of the 2011 LHA rate and the current full LHA rates.
- 2.7 There are 150 properties owned and managed and a further 10 managed through short leases, see appendix 4. The Housing Benefit regulations differentiates between TA owned or leased by a local housing authority. This means that eligible occupants can claim a higher amount to contribute towards the cost of providing temporary accommodation.
- 2.8 Historically there has been reticence across local housing authorities in Kent to charge TA rents at two levels. However, with more local housing authorities acquiring their own TA the matter was revisited by Kent Housing Options Group and clarification obtained. Together with advice from colleagues in the Revenue & Benefits Teams, consensus is the higher level can be charged for local housing authority owned stock to reflect the additional overheads incurred by stock holding in comparison with spot-purchasing accommodation through nightly paid providers.
- 2.9 The proposal is to therefore to apply the regulations that permit Council owned TA to move from the 2011 LHA rate to 2024 LHA rates for all Maidstone Borough Council owned and managed properties that are :-
- in Maidstone's locality;
  - managed in MBC's general fund and
  - used to provide TA under the homelessness legislation.
- 2.10 The report will be considered by the Housing and Community Cohesion Policy Advisory Committee on 14 January 2025.
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### **3. AVAILABLE OPTIONS**

#### **3.1 Option 1**

There is an option to do nothing, but this is not recommended as the Council is required to have a set of adopted policies and not increasing the eligible charge increases the subsidy from the General Fund to cover the cost of temporary accommodation in a way that is not financially sustainable.

#### **3.2 Option 2**

To adopt the suit of rent charging policies and increase rental charges to maximise income, as set out in the body of the report.

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#### 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is option 2, adopting the rent setting policies and increasing rental charges to the councils owned and managed properties.
- 4.2 The Council currently charges rent in alignment with 2011 LHA rate for its TA 160 homes, this should generate a weekly income of £22K. LHA rates were last reviewed and updated in 2020 and are higher than the 2011 rates.
- 4.3 In the Government's Autumn Statement in November 2023 the Chancellor announced that from April 2024 LHA rates would be aligned at the 30th centile of market rents and this will mean they increase.
- 4.4 At present the Council is not achieving maximum return on rent for this type of accommodation. Continuing to charge at 2011 LHA rates effectively results in a potential weekly loss of income of around £13K (£676K per annum).
- 4.5 If this option is approved there is a potential increase in income by approximately £600K per annum.
- 4.6 Both properties owned and those managed on short leases for TA by MBC are included within this proposal.

Number of units	Current weekly 2011 LHA Charges	Weekly charges at April 2024 LHA rates	Increase in income (weekly)	Projected annual increase in income
160	£23,525.37	£36,936.42	£13,411.05	£697,374.60

- 4.7 To align TA with anticipated 30<sup>th</sup> percentile of the 2024/25 LHA, rent levels would increase the potential income to these properties from £1,223,319 to £1,920,693.
- 4.8 2024/25 LHA rates are shown in table below.

#### GOV Local Housing Allowance Rates published data as at 10<sup>th</sup> Sept 2024

- CAT A Room with Shared Facilities  
 CAT B One Bedroomed property  
 CAT C Two Bedroomed property  
 CAT D Three Bedroomed property  
 CAT E Four Bedroomed property

Maidstone LHA Rates						
	CAT A	CAT B	CAT C	CAT D	CAT E	5 Bed
Current MBC Charges	£114.17	£114.17	£140.14	£165.05	£207.69	£352.03
LHA November 2011	£67.50	£122.50	£150.00	£173.08	£230.77	
LHA April 2020	£88.85	£149.59	£187.56	£224.38	£287.67	
Rents 30th Percentile	£102.37	£172.60	£208.27	£276.16	£356.71	N/A
LHA April 2024	£102.37	£172.60	£208.27	£276.16	£356.71	N/A

- 4.9 There is no 5 bedroom LHA rate for the current years therefore the maximum we could claim is the upper limit of £356.71. We have one or two 5 bed properties on the horizon through the private sector leasing project.
- 4.10 This rent increase is part of the wider rent strategy. The focus of this proposal is to reduce the overspend on TA, by enabling the Council to maximise its income. The higher charge for the use and occupation of TA stock owned and managed by the Council will provide additional contribution towards ongoing costs incurred by the Council to provide housing management services, maintain the housing stock, including responsibilities for responsive and planned maintenance and repairs, insurance, cyclical works etc.
- 4.11 There are HB eligible and ineligible services charges applied to a small number of properties in blocks to reflect the additional support that clients receive, these charges will continue to apply.

Trinity House
Marsham Street flats
Queen Anne Road
Aylesbury House

- 4.12 It is recommended that the rents are aligned to 2024 LHA rates.
- 4.13 There is increasing pressure on the Council's General Fund budget for TA which is forecast to overspend by in the region of £900K in 2024/25. The number of properties owned and used by MBC for TA has increased over recent months as both the Councils Purchase and Repair funds and the new private sector leasing initiative are providing further properties.

## 5. RISK

- 5.1 There is an inherent risk when maximising the licence charge in that applicants may find it increasingly difficult to obtain employment whilst living in TA. It is part of our approach to tackling homelessness that we encourage our applicants into employment or similar, to help with well-being and to maximise their income.
- 5.2 The homeless legislation and subsequent case law sets out that local housing authorities may make 'a reasonable charge' when providing TA. In the case of R (OAO Yekini) v London Borough Southwark [2014] the Court held that accommodation provided in exercise of its homeless duties may be charged as per the Housing Act 1996 but that in some cases where such accommodation is unaffordable, a nil or nominal rent charge should be applied at the discretion of the Council.
- 5.3 A further report concerning an actual case in this situation will be provided to CLT to enable authority to the Head of Housing & Regulatory Services to deal with these exceptional situations on a case-by-case basis.

- 5.4 The author of the report has reflected on the risk to TA being unaffordable for residents, for example of those currently living in MBC's own TA 14 families/individuals are not yet confirmed as eligible for HB, that is almost 10%, although only one of these residents has been in their property for longer than 6 weeks. It is likely that most if not all will be found to be eligible for full HB, leaving one resident who would be directly financially impacted. These cases would be closely supported.
- 5.5 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
- 5.6 Residents living in temporary accommodation procured on a nightly paid basis would continue to be charged rent at the 2011 LHA rates.
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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The Rent Setting Policies will become effective once approved by the Cabinet. It is intended to make the documents available on MBC's web pages, once the Housing Service landing page is updated to meet the requirements of the new Consumer Standards.
- 6.2 Changes to charges will be implemented with immediate effect for new Licences being issued at each of the properties or with effect from 1 April 2025, whichever is sooner.
- 6.3 An implementation plan will be developed and the project will be led by the Housing Portfolio Team and supported by a Benefits Advisor.
- 6.4 Evidence of MBC's property ownership or leases will be reviewed by HB as part of the implementation.
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## **7. REPORT APPENDICES**

- Appendix 1: Rent Setting Policy for Affordable and Social Housing
  - Appendix 2: Rent Setting Policy for Temporary Accommodation
  - Appendix 3: Rent Setting Policy for Maidstone Property Holdings
  - Appendix 4: List of properties owned or on short leases by/with MBC
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## **8. BACKGROUND PAPERS**

- [2020 Rent Standard - April 2020 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- [Rent standard: 1 April 2023 - 31 March 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



- [Limit on annual rent increases 2024-25 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- [Policy statement on rents for social housing - GOV.UK \(www.gov.uk\)](https://www.gov.uk)