

Addendum for Council 26 February 2014

Item 10 - Questions to Portfolio Holders

Councillor Williams to the Portfolio Holder for Housing & Property Services, Councillor Vincett that:

- (1) "Could the Portfolio Holder comment on the impact the Government's welfare reforms are having on the payment of rent by WDC tenants?"
- (2) "With regard to the affect of Right to Buy on the HRA Business Plan, can the Portfolio Holder confirm that our tenants are not discouraged from buying their council houses?"

Item 14 – Housing Rents and Revenue Account Budget 2014/15

Further information from Councillor Vincett, as Portfolio Holder for Housing & Property Services.

Housing Rent Setting

Will this policy result in tenants who are downsizing being disadvantaged?

This paper examines the potential implications for WDC tenants of the change in policy to increase rents to target rent when a property is relet.

Since April 2013, 43 WDC tenants have transferred to another WDC property via HomeChoice. Of the tenants who have transferred, less than half moved to a smaller property (18). The rest moved to a property with the same number, or additional bedrooms.

If we use the 18 tenants who have downsized this year as a sample, none of those tenants would have been worse off under the proposed rental policy.

What would the rental difference have been?

If the proposed policy had been implemented last year, of the 18 tenants who downsized, there would have been an average reduction in rent charged of £5.44 per week less than the previous property. In addition, 11 of these tenants were eligible for the Tenants Incentive Grant Scheme (TIGS). This resulted in the tenant receiving a one off payment of £5,000.

11 out of the 18 (60%) tenants who downsized would still have had reduction in their weekly rent charge. The remaining 7 (40%) would have witnessed an increase in the weekly rent charge of an average of £5.99 per week, ranging from £0.14 per week up to £14.29 per week.

Why are the 7 tenants whose rent increased not disadvantaged?

5 of those tenants whose rents would have increased under the proposed policy were eligible for the Tenants Incentive Grant Scheme (TIGS). This resulted in the tenant receiving a payment of £5,000, which would have covered the additional rent costs for at least 7 years. The remaining 2 were in receipt of full housing benefit and therefore were not directly affected by the rent charge.

What else?

For tenant's downsizing, there are also other financial benefits, for example a reduction in energy costs as well as council tax costs. Of the 18 tenants who downsized since April 2013, they still would have been on average £6.53 per week better off through a reduced rent and council tax charge by downsizing; this is in addition to any savings that would inevitably be made in heating and lighting a smaller property. Furthermore, any tenant's affected by the under occupation charge would no longer be subject to this charge and feel the benefits from this.

How are tenants coping with the under occupation charge?

The under occupation charge was implemented on 1st April 2013 and 610 WDC tenants are affected by this charge. 75% of tenants who are affected are maintaining satisfactory payments. We are continually working with residents affected by the welfare reforms to offer them support and guidance to support them to maintain their rent payments and rent collection performance is especially strong compared to the national picture – overall WDC are seeing arrears reduce and income collection increase.

The future...

There is ever increasing demand for social housing with 400 applicants in band 1 and 2 as at 17th February 2014. Almost three quarters (276) of band 1 and 2 applicants require and 1 or 2 bedroom property. The Council has to weigh the management of the rent increases with the opportunity to create capacity to develop new homes in the district to meet the significant demand.

The Council's existing tenants are faced with challenges imposed through the welfare reforms. Through the effective and proactive support provided by the Housing & property Service we are working to ensure that tenants are supported to be able to maintain their rent payments.

Furthermore the Council has the TIGS scheme which is, subject to conditions, open to all tenants who wish to downsize which provides considerable financial support. This scheme will be reviewed to ensure that it is as effective as possible and is able to benefit as many customers who require it as possible.