



VIEWS

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Being prepared for rent increases – the checklist

– *Angela Lomax, Director, DTP*



On 31 August 2022, The Department for Levelling Up, Housing and Communities launched a consultation on its proposals for a cap on #socialhousing #rent increases for implementation in 2023/24. The team at DTP are considering these proposals and will be providing a response – as will many others working in the social housing sector. But whatever the outcome of the consultation process, what are the factors that a #board of a registered #housing provider will need to know when making the difficult decision about rent increases in the current challenging social and economic environment? My advice is to be prepared and to start thinking now about the possible impacts, risks, and options available and to set these in the context of your purpose and values.

The position will be different for every provider, but I have set out two summary checklists below which may serve as an aide memoire as boards prepare to make, what will be, a difficult decision.

Core financial data

- All boards will need to see and understand baseline information in relation to the business plan. This should be in the form of a series of stress tests across the proposed rent cap levels and perhaps some other levels in between (three or four variations) to identify the impact on the business plan and to provide boards with a first look at what mitigations might be required or even triggered.
- This aspect must also review the current business plan predictions on rent – and set out the implications of any changes.
- The outcomes of your most recent stock condition survey – to provide absolute clarity on the future investment requirements.
- Information relating to different scenarios on current inflationary pressures and available forecasts, particularly relating to service, contractor, material, component, and labour costs etc.
- The position relating to directly employed staff pay and any skills, recruitment, and retention challenges.
- Development growth ambitions – and the current position on committed and non-committed projects.
- Zero carbon targets and associated investments.
- Financial and performance information relating to any diverse/non-core activity.

Additional background information

- The current rent charges for your organisation – average rents for different forms of tenure in the rented and shared ownership portfolio.
- Information about the local market from peer comparators and those from the private market as a rough view on positioning.
- Information about average wages in the areas in which you operate.
- Data on affordability, from research sources but at the very least, the average rents compared to the Local Housing Allowance,
- Any information you can collate in relation to the average running costs for residents in your home. This can include average Council Tax, average utilities bill etc. It may be useful to see a sample which is indicative of the property portfolio.
- Demographic information about your current tenants and residents including age profiles; number of Universal Credit (and other benefits) claimants; number not in receipt of any benefits. Draw upon the customer insight data sources you have from surveys etc.
- Any information you have around anticipated levels of cost of living support from existing Government sources, for example the Council Tax rebate; energy discount; winter fuel allowance; disability top up; low income household top up etc.

For any advice on any aspect of your thinking in relation to the impact of the rent cap, please do get in touch.