

ALL WARDS

Leicester  
City Council

HOUSING SCRUTINY COMMITTEE  
CABINET

19 JUNE 2003  
21 JULY 2003

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## RENT RESTRUCTURING – IMPACT ON LEICESTER

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### Report of the Corporate Director of Housing

#### 1. Purpose of Report

- 1.1 Following consideration of the attached report, the Housing Scrutiny Committee requested that the issue be brought to the attention of Cabinet at the earliest opportunity and that the Cabinet Link Member agree a programme of publicity to raise awareness amongst tenants.

#### 2. Summary

- 2.1 The report deals with the impact of the Government's decision to change the way in which local authorities calculate rents for their tenants to bring them more in line with other social landlords.
- 2.2. The impact on this change has now been assessed and was the subject of debate at the Housing Scrutiny Committee's meeting in June. At that meeting, Members from all parties were concerned at the way in which the increase impacted on tenants' rents, particularly those tenants in one bed flats, and in particular those in bedsits (sheltered accommodation). Members were advised at the meeting that overall the Department has 2.3% of its stock void, however in the Bedsit and 1 Bed Flat category, the figure is 4.4% (1.8% in the rest of the stock). In the 3 Bed Houses category the void level is 1.3% and 1.5% in the 4+ Bed houses. In fact, 41% of all voids in the Council's stock are within Bedsits and 1 Bed Flats.
- 2.3 The Scrutiny Committee, therefore felt that it would be appropriate to utilize the 5% flexibility, allowed under the scheme, to restrict the rents of Bedsit and 1 Bed Flats with the additional cost being loaded on 3 Bed and 4+ Bed Houses.
- 2.4 The Committee also noted that the Government was intending to have a review of how the scheme was working in the summer 2005, but felt that the Cabinet should make representations to the Secretary of State on our concerns straight away, and in particular on how the rents of our most difficult to let properties were increasing by the highest percentage.

- 2.5 In addition, the Committee noted that Leicester would not be able to retain the proceeds of the above inflation element of the rent increases as these would be paid to Government in the form of negative subsidy. Committee urged Cabinet to make representations to the Secretary of State that Leicester should be allowed to retain the additional income resulting from rent restructuring to spend on the Council housing stock.
- 2.6 Committee emphasized the importance of raising tenant awareness. They believed the draft information leaflet included at Appendix D to the report could be made more user friendly. They decided the triumvirate would work with officers to put this into effect.

### **3. Recommendations**

3.1 The Cabinet is recommended to:

- i) note the attached report and how rent restructuring will impact on rents in Leicester;
- ii) indicate whether it wishes to use the 5% flexibility allowed under the scheme to offset the increases to rents of Bedsit accommodation and 1 Bed Flats;
- iii) indicate whether it wishes to fund the shortfall created by 3.1(ii) above (assuming it is adopted) by increasing the rents of 3 Bed and 4+ Bed Houses;
- iv) indicate whether it wishes to write to the Secretary of State expressing concern as to how the scheme is working and particularly how it is impacting on the rents of the most difficult to let properties in the City;
- v) indicate whether it wishes to write to the Secretary of State asking that Leicester be allowed to retain the additional income resulting from rent restructuring, rather than paying it to the Government in the form of negative subsidy.

### **4. Financial Implications**

- 4.1 Under the Government's Rent Restructuring proposals the Council has to balance rental income in line with the amount determined by a preset formula each year. However, they are allowed a certain amount of flexibility, up to 5% within any category of rent, provided that the cost involved is met from other rents within the HRA.
- 4.2 Should Members agree to utilizing this flexibility on Bedsits and 1 Bed Flats this would cost £460,000, which could be recouped by increasing the rents of 3 and 4+ bed houses. A table is shown below, which highlights the implication of this over a three year period (2004 – 2007) and the impact of both using and not using the flexibility proposed.

**RENT RESTRUCTURING - POSSIBLE USE OF THE 5% FLEXIBILITY ON BEDSITS & 1 BED FLATS**

**YEAR 1 - 2004/5**

Property Type	No of Properties	Current Ave Rent 2003/4	Proposed ave Rent Without Flexibility	% Increase	Monetary Increase	Proposed ave Rent With 5% Flexibility	% Increase	Monetary Increase
Bedsit	583	29.62	31.98	7.97%	2.36	30.65	3.48%	1.03
1 Bed Flat	4753	37.57	39.50	5.14%	1.93	37.73	0.43%	0.16
1 Bed Bungalow	2712	43.81	44.36	1.26%	0.55	44.36	1.26%	0.55
2 Bed Flat	2964	44.53	46.21	3.77%	1.68	46.21	3.77%	1.68
2 Bed House	2830	46.98	48.52	3.28%	1.54	48.52	3.28%	1.54
3 Bed Flat	506	49.67	51.45	3.58%	1.78	51.45	3.58%	1.78
3 Bed House	9692	50.54	52.01	2.91%	1.47	52.87	4.61%	2.33
4 Bed+ House	<u>691</u>	<u>58.20</u>	<u>59.35</u>	<u>1.98%</u>	<u>1.15</u>	<u>60.56</u>	<u>4.05%</u>	<u>2.36</u>
Total	24731	45.88	47.39	3.42%	1.51	47.39	3.42%	1.51

**YEAR 2 - 2005/6**

Property Type	No of Properties	Revised Ave Rent Without Flexibility Year 1	Proposed ave Rent Without Flexibility Year 2	% Increase	Monetary Increase	Revised ave Rent With 5% Flexibility Year 1	Proposed ave Rent With 5% Flexibility Year 2	% Increase	Monetary Increase
Bedsit	583	31.98	34.23	7.04%	2.25	30.65	32.50	6.04%	1.85
1 Bed Flat	4753	39.50	41.31	4.58%	1.81	37.73	39.29	4.13%	1.56
1 Bed Bungalow	2712	44.36	45.24	1.98%	0.88	44.36	45.23	1.96%	0.87
2 Bed Flat	2964	46.21	47.90	3.66%	1.69	46.21	47.89	3.64%	1.68
2 Bed House	2830	48.52	50.21	3.48%	1.69	48.52	50.19	3.44%	1.67
3 Bed Flat	506	51.45	53.09	3.19%	1.64	51.45	53.09	3.19%	1.64
3 Bed House	9692	52.01	53.73	3.31%	1.72	52.87	54.68	3.42%	1.81
4 Bed+ House	<u>691</u>	<u>59.35</u>	<u>60.81</u>	<u>2.46%</u>	<u>1.46</u>	<u>60.56</u>	<u>62.17</u>	<u>2.66%</u>	<u>1.61</u>
Total	24731	47.39	49.04	3.39%	1.64	47.39	49.01	3.39%	1.62

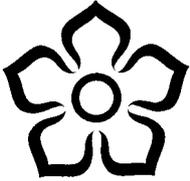
**RENT RESTRUCTURING - POSSIBLE USE OF THE 5% FLEXIBILITY ON BEDSITS & 1 BED FLATS (CONTINUED)**

**YEAR 3 - 2006/7**

Property Type	No of Properties	Revised ave Rent Without Flexibility Year 2	Proposed ave Rent Without Flexibility Year 3	% Increase	Monetary Increase	Revised ave Rent With 5% Flexibility Year 2	Proposed ave Rent With 5% Flexibility Year 3	% Increase	Monetary Increase
Bedsit	583	34.23	36.28	5.99%	2.05	32.50	34.43	5.94%	1.93
1 Bed Flat	4753	41.31	43.09	4.31%	1.78	39.29	40.99	4.33%	1.70
1 Bed Bungalow	2712	45.24	46.27	2.28%	1.03	45.23	46.26	2.28%	1.03
2 Bed Flat	2964	47.90	49.63	3.61%	1.73	47.89	49.63	3.63%	1.74
2 Bed House	2830	50.21	51.92	3.41%	1.71	50.19	51.89	3.39%	1.70
3 Bed Flat	506	53.09	54.78	3.18%	1.69	53.09	54.78	3.18%	1.69
3 Bed House	9692	53.73	55.44	3.18%	1.71	54.68	56.45	3.24%	1.77
4 Bed+ House	691	<u>60.81</u>	<u>62.39</u>	<u>2.60%</u>	<u>1.58</u>	<u>62.17</u>	<u>63.79</u>	<u>2.61%</u>	<u>1.62</u>
<b>Total</b>	<b>24731</b>	<b>49.04</b>	<b>50.69</b>	<b>3.36%</b>	<b>1.66</b>	<b>49.01</b>	<b>50.67</b>	<b>3.39%</b>	<b>1.66</b>

**OVERALL INCREASE YEAR 1 - YEAR 3**

Property Type	No of Properties	Current ave Rent 2003/4 Year 1	Proposed ave Rent Without Flexibility Year 3	% Increase	Monetary Increase	Proposed ave Rent With 5% Flexibility Year 3	% Increase	Monetary Increase
Bedsit	583	29.62	36.28	22.48%	6.66	34.43	16.24%	4.81
1 Bed Flat	4753	37.57	43.09	14.69%	5.52	40.99	9.10%	3.42
1 Bed Bungalow	2712	43.81	46.27	5.62%	2.46	46.26	5.59%	2.45
2 Bed Flat	2964	44.53	49.63	11.45%	5.10	49.63	11.45%	5.10
2 Bed House	2830	46.98	51.92	10.52%	4.94	51.89	10.45%	4.91
3 Bed Flat	506	49.67	54.78	10.29%	5.11	54.78	10.29%	5.11
3 Bed House	9692	50.54	55.44	9.70%	4.90	56.45	11.69%	5.91
4 Bed+ House	<u>691</u>	<u>58.20</u>	<u>62.39</u>	<u>7.20%</u>	<u>4.19</u>	<u>63.79</u>	<u>9.60%</u>	<u>5.59</u>
<b>Total</b>	<b>24731</b>	<b>45.88</b>	<b>50.69</b>	<b>10.48%</b>	<b>4.81</b>	<b>50.67</b>	<b>10.44%</b>	<b>4.79</b>



Leicester  
City Council

**WARDS AFFECTED**  
All Wards

**Housing Scrutiny**  
**Housing Management Board**

**19<sup>th</sup> June 2003**  
**25<sup>th</sup> June 2003**

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**Rent Restructuring – Impact on Leicester**

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**Report of the Corporate Director of Housing**

**1. Purpose of Report**

- 1.1 To provide information on the impact and operation of the Government's rent restructuring regime which is to be used as the basis for rent setting in all social housing (including Council housing).

**2. Summary**

- 2.1 Social rents have developed as a result of historic factors and the operation of the housing subsidy system. The Government considers that this has resulted in an incoherent rent structure. To address this the government is implementing its rent restructuring and convergence policy. Rent restructuring is concerned with using a single formula for setting the rent of all social housing. Rent convergence is concerned with removing what the government considers to be unjustifiable differences between the rents charged by Local Authorities and Registered Social Landlords (RSL's).

**3. Recommendations**

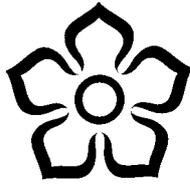
- 3.1 Members are asked to note this report.

**4. Financial implications**

- 4.1 The financial impact of rent restructuring on the Housing Revenue Account is expected to be neutral. However, it will lead to changes in the rents paid by individual tenants.

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Leicester  
City Council

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**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Housing Scrutiny**  
**Housing Management Board**

**19<sup>th</sup> June 2003**  
**25<sup>th</sup> June 2003**

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**Rent Restructuring – Impact on Leicester**

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**SUPPORTING INFORMATION**

**1. Report**

**1.1 Background**

1.1.1 Until recently powers for rent setting were contained in S162 of the Local Government and Housing Act 1989. However, the actual pattern of social rents has developed as a result of historic factors and the operation of the housing subsidy system. The Government considers that this has resulted in an incoherent rent structure. To address this the government is implementing its rent restructuring and convergence policy. Rent restructuring is concerned with using a single formula for setting the rent of all social housing. Rent convergence is concerned with removing what the government considers to be unjustifiable differences between the rents charged by Local Authorities and Registered Social Landlords (RSL's).

**1.2 The Objectives**

1.2.1 The Government has identified its overall objectives as being to:

- Hold rents at an affordable below-market level.
- Make rents fairer and less confusing for tenants.
- Provide a closer link between rents and the qualities which tenants value in properties.
- Give tenants the opportunity to take more responsibility for their choice of housing.
- Reduce unjustifiable differences between the rents set by local authorities and by registered social landlords.
- Encourage better management by social landlords of their stock.

### 1.3 Formula Rents

1.3.1 The central proposal of rent restructuring is to introduce a common basis on which all rents in the social sector will be set, based 70% on relative county manual earnings and a bedroom weight and 30% on a relative property values. This rent is called the 'formula rent' and will lead to the introduction of a changed pattern of social rents.

### 1.4 Timetable

1.4.1 The Government wants rent restructuring and convergence to be completed, so far as possible, by March 2012. However nobody's rent is to increase by more than inflation plus 0.5% plus £2. This may mean that some authorities will require longer than 10 years to change the rents for all of their properties.

1.4.2 The objective of removing differences between Local Authority and RSL rents does not mean that they will be the same as there are objective differences between local authority and RSL stock. The aim is that social rents on similar houses in the same area should be the same, no matter who is the landlord. Taking this into account, together with the policy that RSL rent increases should be limited to RPI plus ½% a year, it is likely that average local authority rents will have to rise by about an average of 1½% a year in real terms over the next ten years to reach convergence by 2012. The overall average rate of increase for any individual LA could obviously be faster or slower than the national average; dependent on their starting point. For all LAs there will be changes in rent for different types of property.

1.4.3 Also, the Government is permitting authorities a tolerance of ±5% around formula rents to reflect local factors. However, it is not yet clear whether authorities utilising this tolerance may still suffer penalties under property-specific rent capping (see below).

### 1.5 Changes to the HRA Subsidy System

HRA Subsidy comprises 2 elements, namely:-

- i) The Housing Element; and
- ii) The Housing Benefit (HB) Element.

### 1.6 The Housing Element

1.6.1 The Government issues annual allowances for expenditure and income items for every HRA in the country. These take into account the age, type and value of the HRA's dwellings, and historical expenditure and income levels. Based on these factors, plus the HRA's actual capital financing costs, the Government compiles a "notional" HRA for each authority. If this notional account shows a surplus (i.e. an excess of income over expenditure), this amount – known as the negative housing element – will be deducted from the amount of HB subsidy (see below) paid to the authority. Conversely, if the notional account shows a deficit, the amount of HB subsidy will be increased by this amount (the positive housing element).

- 1.6.2 Only some 25 out of 354 housing authorities have a positive housing element; these tend to be the very large urban authorities (e.g. Manchester, Rochdale, Salford, Sheffield and most London boroughs) with large capital financing costs which produce a deficit on their notional HRA accounts. The great majority of authorities, including Leicester, therefore make payments to the Government. For illustration, Leicester's negative subsidy in 2002/03 was £9.9m.
- 1.6.3 Under rent-restructuring, average HRA rents will be having large 'real' (i.e. generally 1½% above inflation each year) increases over the next 10 years, as the Government pursues convergence of Local Authority and RSL rents. However, HRA's will not benefit from these large increases in rental income since the "guideline rent" in the notional account will be increased by a similar amount to the actual rent; this will have the effect of greatly increasing the surplus on the notional account for most authorities and thereby the amount of the negative housing element payable to the Government.
- 1.6.4 The extent to which authorities are allowed to retain the additional rental income depends on how the Government inflates the management and maintenance allowances each year in the notional account.

## 1.7 The HB Element

- 1.7.1 Prior to the introduction of the Government's rent rebate capping regime in 1996/97, all rent rebates granted by an authority to its tenants would be reimbursed by Government, plus or minus the housing element detailed above. A feature of the system prior to 1996/97 was, therefore, that it did not restrict authorities in the rent levels they could apply – full reimbursement of rebates, via the HB element, would be made irrespective of the authority's rent level. However, since 1996/97 the Government has issued a limit rent (or 'rent cap') for each authority above which it will not fund any resultant additional HB costs
- 1.7.2 The Government has now indicated that, from 2004/05, it will apply rent-capping at the level of individual properties. This is intended to penalize those authorities that are not making the required progress towards achieving 'formula rents' under rent restructuring. The new system will operate in parallel with the existing rent capping system described above, which is based only on the overall average rent. The amount of HB Subsidy payable would then be the lower of the two calculations.
- 1.7.3 In summary, as long as an authority is not incurring rent-cap penalties, it will receive full reimbursement of HB payments made to HRA tenants, plus or minus the deficit/surplus on its notional HRA.

## **2 Implementation and Impact of Rent Restructuring on Leicester**

2.1 Since 1972 the council has used a rent table to determine the rent of all its dwellings relative to each other. This table has taken into account property age, property type, floor area, number of bedrooms and amenity group rating (a measure of desirability). However, under rent restructuring the rent for each property will be determined by the application of the formula rent.

### **2.2 Computer Software**

2.2.1 New rent accounting software is being commissioned to enable rent restructuring to be implemented from April 2004.

### **2.3 Average Rent Increases**

2.3.1 Due to the Government's policy of converging Local Authority rents with RSL rents, there will be large above-inflation annual rent increases for most local authorities over the 10 years rent-restructuring period. The impact on Leicester's average rent is shown in Appendix A. It can be seen that average rents will increase by about 3.3% in 2004/05 and thereafter by about 3.4% per annum (assuming inflation running at 2½%). However, due to the impact of property-specific rent restructuring, there will be considerable variations (around this average) in the annual rent changes applying to individual properties. This is shown at Appendix B.

### **2.4 Impact on various Property-types**

2.4.1 The graph at Appendix C shows the average impact on the main property-types of introducing the first phase of property-specific rent restructuring in 2004/05. It can be clearly seen that, while average increases for all property-types will be above inflation, there will be particularly large increases for bedsits and flats. This is because 70% of the new rent calculation is common for all properties and is dependent on the regional wage level (albeit with an adjustment for the number of bedrooms in the property) while only 30% is based on the value of the property. This tends to reduce the spread of rents for different property types and, in particular, pulls up rents for bedsits and flats towards the overall average rent. Conversely, rents for the larger, high-demand properties will tend to have relatively low increases (or even decreases) as they too move towards the new average rent. It should be noted that the formula rent relates only to the 'property element' of the overall accommodation charge and, therefore, excludes service charges such as district heating, lifts, waylighting, concierge and warden services. The authority will continue to set service charges at its own discretion.

2.4.2 The pattern of rent increases for different types of property for 2004/05, as shown in Appendix C, will be broadly repeated for the following years of rent-restructuring, up to 2011/12.

2.4.3 The Government has recognised the need for some flexibility 'to take account of local factors' and has indicated that it will allow landlords a 5% flexibility around the formula rent. However, the Government requires that authorities use the 5% flexibility in a 'balanced' way i.e. increases in rent in one area must be matched by decreases elsewhere. Possible options for the future use of this 5% flexibility could include changes in rent to reflect varying demand for different properties, changes in rent for properties which become liable to property specific rent rebate subsidy limitation or to increase the extent to which improvements are reflected in rents.

### 3 INFORMATION TO TENANTS

3.1 A leaflet, explaining rent restructuring, has been drafted and is attached at Appendix D. It is intended that this be sent to all tenants. A draft consultation time-table is included at Appendix E.

### 4. FINANCIAL IMPLICATIONS

4.1 The financial impact of rent restructuring on the Housing Revenue Account is expected to be neutral.

### 4.2 LEGAL IMPLICATIONS

None.

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	N		
Policy	N		
Sustainable and Environmental	N		
Crime and Disorder	N		
Human Rights Act	N		
Elderly/People on Low Income	Y	Paras 2.3 and 2.4	

### 5. Background Papers – Local Government Act 1972

- i) Quality and Choice; a decent home for all – the Housing Green Paper (DETR, April 2000)
- ii) HRA Subsidy and Rent Restructuring: A Consultation Paper' (DTLR, July 2001).
- iii) Resource Accounting in the Housing Revenue Account (Consultation Paper) (ODPM, June 2002).
- iv) Rent Restructuring – Report of the Corporate Director of Housing to Housing Scrutiny – 12<sup>th</sup> December 2002.

**6. Consultations**

No other Departments have been consulted.

**7 Report Authors**

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## APPENDIX A

### Movements in Leicester's Actual Average Rent towards achieving 'Formula Rent' in 2011/12 (assuming 2.5% inflation).

Year	<u>Average Rent with inflation only increase</u> £	% Change	<u>Average Rent with Rent Restructuring</u> £	% Change
2003/04	45.89		45.89	
2004/05	47.04	2.50	47.39	3.28
2005/06	48.21	2.50	49.02	3.42
2006/07	49.42	2.50	50.67	3.39
2007/08	50.65	2.50	52.38	3.38
2008/09	51.92	2.50	54.15	3.37
2009/10	53.22	2.50	55.97	3.36
2010/11	54.55	2.50	57.84	3.36
2011/12	55.91	2.50	59.79	3.35

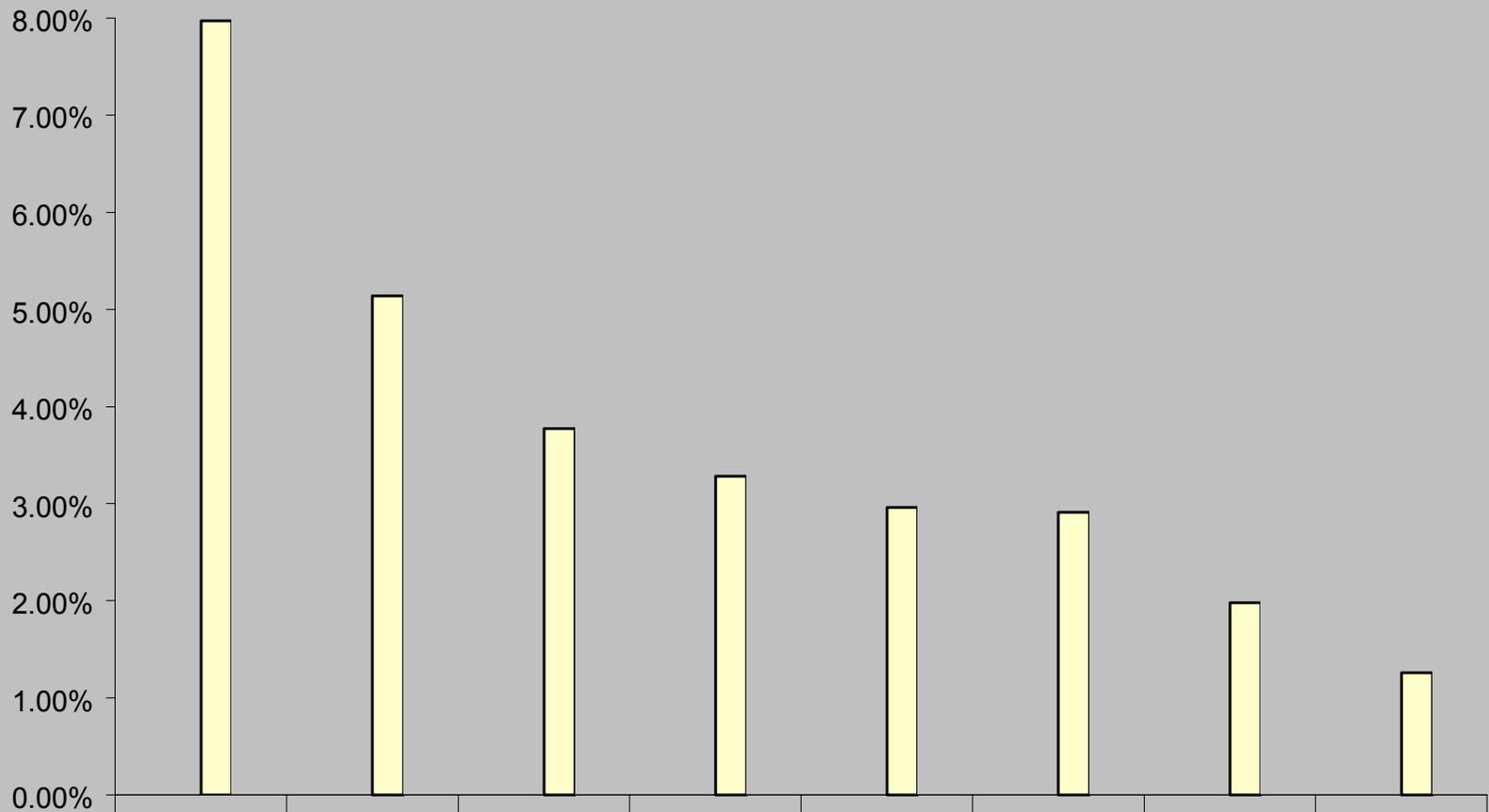
#### Notes

1. Average rents are on a 50-week basis, and exclude all service charges.
2. Inflation is assumed to be 2.5% p.a. throughout.
3. Average rent increase applied in 2003/4, property specific increases applied from 2004/5 onwards.
4. Local Authority Rents generally are increasing by 3.25% (2.25% inflation plus 1.0% real growth) for 2003/04 and thereafter by 4.0% p.a. (2.5% inflation plus 1.5% real growth). The 1.5% p.a. real growth is the Government's current estimate of the required rate to achieve convergence of Local Authority and RSL Rents over the 10-year restructuring period.
5. Although Leicester was above the 'shadow' formula rent in 2001/02, above-inflation increases are still required during the Rent Restructuring transition period in order to achieve the formula rent in 2011/12.
6. Increases in rental income from the average above-inflation increases in rents will be offset by increases in the notional rent income in the subsidy calculation. The overall net position will depend on what the Government does with annual management and maintenance allowances.

Year on Year Weekly Rent Change from 2003 to 2004

	Band	No. of properties
decrease	£0.51 - £0.75	76
decrease	£0.26 - £0.50	149
decrease	£0.01 - £0.25	700
no change		64
increase	£0.01 - £0.25	1,054
increase	£0.26 - £0.50	927
increase	£0.51 - £0.75	2,205
increase	£0.76 - £1.00	2,516
increase	£1.01 - £1.25	2,592
increase	£1.26 - £1.50	2,592
increase	£1.51 - £1.75	2,562
increase	£1.76 - £2.00	2,163
increase	£2.01 - £2.25	2,090
increase	£2.26 - £2.50	1,119
increase	£2.51 - £2.75	1,283
increase	£2.76 - £3.00	1,124
increase	£3.01 - £3.25	1,095
increase	£3.26 - £3.50	418
increase	More than £3.50	2
	Total	24,731
<b>Average increase</b>		<b>£1.50</b>

**% Rent Increase 2004/05**



	bedsit (flat)	1 bed flat	2 bed flat	2 bed house	3 bed flat	3 bed house	4 bed house	1 bed bungalow
Average Rent 2004.05	£31.98	£39.50	£46.21	£48.52	£51.45	£52.01	£59.35	£44.36
Average Rent 2003.04	£29.62	£37.57	£44.53	£46.98	£49.97	£50.54	£58.20	£43.81
Average Increase	7.97%	5.14%	3.77%	3.28%	2.96%	2.91%	1.98%	1.26%
No. of properties	583	4,753	2,964	2,830	506	9,692	691	2,712

## **DRAFT INFORMATION LEAFLET FOR TENANTS**

### **RENT RESTRUCTURING**

This leaflet explains how the Government wants to change the way councils set their rents.

#### **WHY CHANGE THINGS?**

In the past, social landlords have used different methods to set rents. The Government considers that this has led to an unfair and confusing situation. It is therefore asking all social landlords in England to set their rents in the same way, based on a single formula. The process of moving to this single system is called “rent restructuring” and the new rents are called “formula rents”.

#### **A NEW WAY OF SETTING RENTS**

The Government believes that social rents should:

- Remain affordable in the future;
- Generally be well below those charged by private landlords;
- Be linked to the size, location and value of the home; and
- Be similar to rents for other council and housing association properties of a similar size, location, and value.

#### **THE GOVERNMENT’S APPROACH**

After consulting councils, housing associations, tenants’ groups and other interested groups, the Government has produced a formula for setting rents.

As from 1<sup>st</sup> April 2004 your rent will be based on:

- Average Manual Wages in Leicestershire  
This will mean that rents in Leicester will be lower, for example, than those in London where average manual wages are higher
- Property Value  
Leicester City Council has around 24,500 homes. It is not practical to value each one individually. In line with government guidance the Council has identified and valued 130 typical properties (called ‘beacons’) in different parts of the city. These ‘beacons’ have been used to give a value to other properties of the same size, type and location. The

valuations are at January 1999 prices and are not the same as the ones used for Right to Buy applications.

- The Number of Bedrooms.  
The number of bedrooms will affect the rent.

## **HOW DO I KNOW WHAT VALUATION HAS BEEN USED TO CALCULATE MY RENT?**

You will be told the value of your home used in the rent calculation, as well as the number of bedrooms.

## **WHAT IF I THINK THE VALUE GIVEN TO MY HOME IS WRONG?**

If you think the value given to your home is incorrect you have the right of appeal. You may appeal if you believe that the error in value is more than £3,000. However, it is worth noting that an appeal could find that the value of your home could increase rather than decrease. Your rent will be adjusted either up or down if an appeal is upheld.

## **WHO WILL CARRY OUT THE APPEALS PROCESS?**

The property will be re-valued by an independent valuer. The findings of this valuation will be binding on both the Council and the person making the appeal.

## **WHAT WILL HAPPEN TO MY RENT?**

The higher your home's value and the more bedrooms you have the higher your rent will be. The opposite is also true. How your rent changes will also depend on what your rent is now.

## **WILL MY RENT GO UP SUDDENLY BY A LARGE AMOUNT?**

Your new rent will be implemented gradually between 2004 and 2012. To make sure tenants don't face large increases, the Government has said that in any one year, a tenant's weekly rent cannot go up by more than the rate of inflation plus 0.5%, plus £2.

In Leicester, preliminary work indicates that very few, if any, rents will increase up to this limit.

The limit always applies, even if it means your rent cannot reach the formula rent by 2012. In fact, the Government says, rents charged by social landlords are expected to go up less in the next 10 years than they did in the last 10 years.

## **WHAT IF MY RENT NEEDS TO GO DOWN?**

If your rent is above the level it needs to be, it won't drop to the new level immediately. Your rent will either fall slowly, or go up by less than the rate of inflation, so that your landlord can keep providing a good level of service.

### **WILL I STILL GET HELP TO PAY MY RENT?**

These changes do not affect any entitlement to Housing Benefit. So, if you receive help with your rent now, you should still be entitled to help as long as your circumstances stay the same.

Your Housing Benefit Office can tell you more about Housing Benefit rules.

**RENT RESTRUCTURING****Draft Tenant Consultation Time-Table**

<b>DATE</b>	<b>GROUP</b>	<b>Purpose</b>
Mid July	All Tenants	General Info on Rent Restructuring (leaflet). Property Specific Information on valuation, no. of bedrooms and formula rent. Info on Right of Appeal against valuation?
Mid July – Mid September	All Tenants	Period for Appeal against Valuation.
Mid September – End November		Review of Appeals
April 2004		Implement Rent Restructuring