

Bolsover District Council

Executive

31st October 2016

New Bolsover Properties

Report of the Portfolio Holder for Housing and ICT

This report is public

Purpose of the Report

- To agree the re-classification on some properties at New Bolsover from three to two bedrooms.

1 Report Details

- 1.1 As members are aware work is about to start on a major regeneration scheme at New Bolsover.
- 1.2 Part of the work at New Bolsover, in some 3 bed properties the ground floor bathroom will need to be relocated into what is currently a bedroom. This effectively converts the properties into 2 bedroom properties.
- 1.3 Other properties have a bedroom within the roof space. This is reached by a fairly steep staircase. The improvement works to these properties does include an upgrade in insulation but these rooms are not suitable to be designated as bedrooms in a modern house.
- 1.4 Given the configuration of these properties officers consider that there is no practical alternative other than to reduce the number of bedrooms from three to two. This requires that they are reclassified accordingly within our stock records.
- 1.5 There will be two main impacts of this change.
 - a. Demand for Housing
 - b. Impact on Rental income
- 1.6 Demand for Housing - The introduction of the bedroom tax has challenged the way that properties are let. Whilst previously the Council were able to make the best use of stock by allowing people to live in properties that were larger than the government guidance, to do so now results in a financial penalty for our tenants.

This has led to a shift on demand for properties, currently there are 411 applicants seeking a 2 bed property in Bolsover, compared to only 41 seeking a 3 bed property. By making this change the Council is more able to meet the needs

of people who are on the Council waiting list and we would anticipate achieving a higher level of occupancy on the refurbished Model Village. Failure to reflect current housing requirements will result in a higher level of voids with a consequent loss of rental income.

- 1.7 Impact on Rental Income - The rents for Council Housing is set by following a government formula, this takes account of a range of factors including the value of a property, average rent, local conditions and the number of bedroom in a property. In broad terms the difference between the target rent for a two and a three bed property is around 7%. However, under the formula the council has the option to set rents with 5% of the formula rent, and as the properties with an attic room that was formerly a bedroom will be substantially larger than other two bed properties, it seems logical to make use of this option and set rents at 105% of target i.e. for the these properties the target rent will be around 2% lower (less 7% then plus 5%) than the current target rent. In summary there would be a decrease in target rent of around £2 per week for around 83 properties. It is anticipated that a reduction in void levels will offset any decrease in rental income arising from the lower rental achieved from the reduction in the number of bedrooms.
- 1.8 For the properties that are being converted from 3 bed to 2 bed by moving the bathroom, there will be a reduction in target rent of around £7per week. This will affect around 20 properties.
- 1.8 Target rents will only apply to newly let properties following refurbishment. Existing tenants who remain in their homes will not have any rent increase.

2 Conclusions and Reasons for Recommendation

- 2.1 Given that the proposed refurbishment work on these properties requires a reduction in the number of bedrooms from three to two, this needs to be reflected in a reclassification of the homes concerned as two bed roomed properties. While the reduction in bedroom numbers will be reflected in a reduced rental charge the two bedroom properties better reflect housing demand in the District and should accordingly achieve a higher level of occupancy. Officers are of the view that the greater income secured from improved occupancy level, will offset any loss of income arising from the lower rental achieved per property.

3 Consultation and Equality Impact

- 3.1 The New Bolsover scheme has been subject to widespread consultation with both local residents and other relevant persons.

4 Alternative Options and Reasons for Rejection

- 4.1 To leave the properties as three bedroom properties. This is rejected because it would be difficult to retain these properties as high quality three bedroom properties. Secondly, there is a higher demand for two bedroom properties, which better reflect local housing need.

5 Implications

5.1 Finance and Risk Implications

As covered in the body of the report

5.2 Legal Implications including Data Protection

The Council has an obligation to set target rents that comply with the government formula.

5.3 Human Resources Implications

Not directly

6 Recommendations

6.1 That New Bolsover Properties that have three bedrooms, and where the bathroom is moved into one of these bedrooms as part of the improvement works are reclassified as two bedroom properties.

6.2 That New Bolsover Properties that have three bedrooms and where one of the bedrooms is in the attic are reclassified as two bedroom properties.

6.3 That New Bolsover Properties with an attic room have rents set at 105% of target rents.

6.4 That these changes are applied to refurbished properties where they are relet to new tenants.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	Bolsover West
Links to Corporate Plan priorities or Policy Framework	None

8 Document Information

Appendix No	Title
	n/a
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
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Report Reference –