

# HRA – new rent policy from DCLG

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## **Background**

For several years DCLG have increased Formula Rent (FR) by RPI + 0.5% in order to achieve rent convergence in 2015/16. Over the last year it has been suggested that, once convergence is achieved, FR will increase by CPI + 1.0% instead.

## **What has happened**

On the 12<sup>th</sup> of February 2015, Mid Devon received notification that CPI + 1.0% would be applied a year earlier than expected, in 2015/16. This means that the average increase faced by tenants this year will be 2.7% instead of 3.4%.

## **Impact on tenants**

Some tenants will save a few pence per week, others will see no difference from what was proposed. No tenants will see higher rents than previously proposed.

## **Impact on MDDC**

Instead of recommending a rent increase that averages 3.4%, officers are recommending an increase that averages 2.7%. The effect on our budget should be minimal, virtually negligible, so no adjustment will be required. The average rent figure will reduce from £81.20 to £80.65. If we were to agree the original recommendation we will be prevented from claiming circa £45k in HB as our rent will be above this new statutory limit. This will also result in additional work between the HB and Housing teams to reconcile these differences during the year.