

Rent Setting Framework for Private Sector Leasing (PSL) scheme for negotiations with the private landlord

- 1.1 In agreeing and endorsing its support for the establishment of a Private Sector Leasing Scheme, the Strategy and Resources Committee on 27 January 2016 authorised the Head of Housing and Communities Services to take leases of up to 15 private residential properties on such terms as he considers appropriate, following consultation with the Director of Finance and Resources, the (then) Head of Legal and Democratic Services and either one of the following: the Chairman of Strategy and Resources Committee, the Vice Chairman of the Strategy and Resources Committee or the Chairman of the former Social Committee (now superseded by the Community & Wellbeing Committee).
- 1.2 To meet the above requirements a rent setting framework has been set up which will enable the Private Sector Leasing Officer to enter into rental negotiations with landlords for their properties whilst being able to remain responsive to the demands of the scheme and rental market.
- 1.3 The framework will mean that the Private Sector Leasing Officer can undertake negotiations without first having to get approval for each property from the Director of Finance and Resources, Chief Legal Officer and either one of the following:
 - 1.3.1 the Chairman of Strategy and Resources Committee,
 - 1.3.2 the Vice Chairman of the Strategy and Resources Committee
 - 1.3.3 or the Chairman of the Community & Wellbeing Committee.
- 1.4 The aim of this being to address the speed which transactions often require a decision from the Council.

2 Rent Setting Framework for Private Sector Leasing (PSL) scheme

- 2.1 Prior to visiting a property the Private Sector Leasing Officer will undertake research on the individual property and general postcode location to ascertain current market rents and any previous letting history. This will include using websites such as <https://www.zoopla.co.uk/house-prices/>
- 2.2 In setting the framework, Housing Services has taken into consideration the Local Housing Allowance (LHA) rates; the current median market rent for the locality (reviewed quarterly); the schemes Lettings Standards and the size of the property.
- 2.3 A comparison of the benefits of the scheme as compared to using Letting Agents has also been taken into consideration and a 10% reduction to the median market rent is to be used when calculating the maximum rent level to be offered.
- 2.4 The Private Sector Leasing Officer will review the median market rent for the locality on a quarterly basis using.

2.5 http://www.home.co.uk/for_rent/epsom/current_rents?location=epsom
http://www.home.co.uk/for_rent/ewell/current_rents?location=ewell

2.6 Where there has been a change to the median rent the framework will be adjusted accordingly.

2.7 Following a meeting with the landlord and after undertaking an inspection of the property, the Private Sector Leasing Officer will start negotiations at around the LHA rate. For properties that are assessed to be “above the schemes Lettings Standard” the maximum rent to be offered will be based on 90% of the current median market rent for the locality. For properties that are assessed to be “at the Lettings Standard” the following tariff reductions will apply:

2.7.1 Minus £50 pcm for a 1 bedroom property,

2.7.2 Minus £75 pcm for a 2 bedroom property,

2.7.3 Minus £100 pcm for a 3 bedroom property,

2.7.4 Minus £125 for a 4 bedroom property.

2.8 The table below outlines this:

Property size	Median Market Rate pcm	-10%	LHA rate - Starting point of rent offer pcm	Max rent offer for properties “at Letting Standard” pcm	Max rent offer for properties “above Letting Standard” pcm
1 bedroom	£971	£873.90	£746.37	£823.90	£873.90
2 bedroom	£1,283	£1,154.70	£939.85	£1,079.70	£1,154.70
3 bedroom	£1,699	£1,529.10	£1,209.61	£1,429.10	£1,529.10
4 bedroom	£2,301	£2,070.90	£1,492.31	£1,945.90	£2,070.90

*To be reviewed quarterly