



<u>Committee and Date</u>
Housing Supervisory Board
19 <sup>th</sup> September 2024

<u>Item</u>
<b>7</b>
Public

## **Cornovii Developments Private Rent Sector Policies**

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### **1. Synopsis**

The purpose of this report is to request approval from the Housing Supervisory Board on the Cornovii Developments Limited (CDL) private rent sector, lettings policy, debt management and recovery policy, planned maintenance policy, rent setting policy and day to day repairs policy.

The report also requests that the Housing Supervisory Board approve recommendations for CDL to charge the maximum deposit of five weeks and implement the tenancy deposit scheme.

### **2. Executive Summary**

- 2.1. The report in Appendix A provides the Housing Supervisory Board with an overview from Cornovii Developments (CDL) on the private rent sector policies (PRS) which they are requesting approval.
- 2.2. The Housing Supervisory Board is asked to note that the tenancies for CDL PRS will be CDL tenancies and will not be Shropshire Council tenancies. Market rent will be charged.
- 2.3. The PRS policy consultation report, appendix A provides detail which were presented at CDL Board seeking approval of the PRS policies in anticipation of Cornovii Developments Ltd entering the PRS market.
- 2.4. The PRS policies which are being requested to be approved by CDL are the Rent Setting Policy, appendix B, Lettings Policy, appendix C, Debt Management & Recovery Policy, appendix D, Planned Maintenance Policy, appendix E and the Day-to-Day Repairs Policy, appendix F.

### 3. Recommendations

- 3.1. That the Housing Supervisory Board receives the CDL PRS Policy Consultation report in accordance with the terms of the Shareholder Agreement.
- 3.2. That the Housing Supervisory Board Approve the draft CDL PRS Rent Setting Policy, appendix B.
- 3.3. That the Housing Supervisory Board Approve the draft CDL PRS Lettings Policy, appendix C.
- 3.4. That the Housing Supervisory Board Approve the draft CDL PRS Debt Management & Recovery Policy appendix D.
- 3.5. That the Housing Supervisory Board Approve the draft CDL PRS Planned Maintenance Policy appendix E.
- 3.6. That the Housing Supervisory Board Approve the draft CDL PRS Day to Day Repairs Policy appendix F.
- 3.7. Request that the Housing Supervisory Board approve CDL to charge the maximum deposit allowed of five weeks – refer to appendix G.
- 3.8. That the Housing Supervisory Board approve the implementation of the Tenancy Deposit (custodial) Scheme for managing tenant deposits – refer to appendix G.

## REPORT

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. A Risk Register is monitored by the Homes and Communities Team along with the CDL Monitoring Board. The Register covers the risks for the Council in its capacity of single shareholder of CDL.

### 5. Financial Implications

- 5.1. Housing Supervisory Board approved the March 2024 CDL Business plan which includes retaining 33 homes for private rent over four schemes. The total PRS investment is £7m over a five-year timeframe to deliver a long-term investment income to the Shareholder over a 45-year period.

### 6. Climate Change Appraisal

- 6.1 **Energy and fuel consumption.** In order to facilitate carbon reduction and energy efficiency, the projects contained within the Business Plan will capitalise on sustainable design solutions, use processes and materials that are not detrimental to the environment and ensure that post-construction operations are environmentally friendly. Carbon savings from design measures will be quantified wherever possible.

- 6.2 **Renewable Energy Generation.** There are a range of opportunities for the generation and storage of renewable energy from building mounted solar panels and battery energy storage, which will be incorporated into the design of homes where possible.
- 6.3 **Carbon offsetting or mitigation.** Designs of schemes within the Business Plan will incorporate tree planting and landscaping to support carbon capture and storage, biodiversity, natural flood management and urban cooling. CDL will also aim to deliver a biodiversity net gain across all development sites within the business plan.
- 6.4 **Climate Change adaptation.** It is anticipated that the homes will be designed in a way which is sympathetic to the climate using materials and construction methodologies that reduce the emission of carbon into the atmosphere and also ensure homes are protected from overheating.

## 7. Background

- 7.1 In March 2024, Housing Supervisory Board approved the March 2024 Business Plan which includes retaining 33 new homes for private rent to deliver long term investment revenues to the shareholder.
- 7.2 CDL are currently engaging with Shropshire Council's Treasury team to utilise £7m from the existing £49m funding envelope and create a PRS loan facility to fund the investment.
- 7.3 CDL have identified 33 homes for PRS across five schemes, Ifton Green, Ellesmere Wharf, Oaklands, London Road and Shrewsbury Road.
- 7.4 The new loan facility could be in place by September 2024 following approval from CDL Board and CDL in a position to retain PRS properties immediately.

## 8. Proposed Private Rent Sector Policies

- 8.1 The Housing Supervisory Board is asked to consider that CDL have reviewed current legislation and drafted the following policies in preparation for CDL's expansion into PRS:
- 8.1.1 **Rent Setting Policy** – Housing Supervisory Board are asked to note that the rent setting policy has been created to ensure a framework is in place to ensure that rents are set in line with regulatory and statutory guidelines including the Housing Acts. Maintain CDL's financial viability through letting properties at current local market rent and increase rents where required based on current local market rents. Deliver an economic return to CDL sufficient to sustain the delivery of high-quality housing and maximise financial return to the Shareholder.
- 8.1.2 **Lettings Policy** - Housing Supervisory Board are asked to note that the lettings policy is to create a clear and transparent lettings policy, ensuring the selection of applicants is fair, transparent, and easily understood by applicants through letting properties on the open

market through an estate agent under a development management agreement. CDL aim to let its homes in a responsible manner by creating sustainable tenancies through assured short hold tenancies and comprehensive pre-tenancy checks.

Please note that additional units have been included in the business plan at Ellesmere Wharf and Ifton Green due to market intelligence suggesting that these are attractive to key workers from the local hospitals. CDL have also confirmed that additional units have been added to the Oaklands due to the desirability of the location.

PRS units at Shrewsbury Road have been removed to fund the purchase of the additional PRS units at Ifton, Ellesmere and Oaklands.

CDL will also be implementing a keyworker procedure which will be updated to current market conditions.

### **8.1.3 Debt Management & Recovery Policy – Housing**

Supervisory Board are asked to note the debt management and recovery policy has been created to ensure rent and other income is collected promptly and efficiently, working to prevent debt of rent and other charges and identify where debts are likely to occur and takes a firm but fair approach both before and during the lifetime of the tenancy. These aims will be adhered to through conducting right to rent checks prior to sign up, communicating with tenants at the earliest sign of financial difficulties, identifying vulnerable tenants and signposting to relevant agencies to support and a clear debt recovery procedure in place.

### **8.1.4 Planned Maintenance Policy – Housing Supervisory Board**

are asked to note the planned maintenance policy. This policy sets out the criteria and procedures to be followed to effectively control and manage planned maintenance to CDL's private rented housing portfolio. CDL aim to achieve this through conducting regular surveys of all homes to inform the Planned Maintenance Programme. Arrange for the regular maintenance of items necessary for the safety, security and comfort of tenants, and for the general upkeep of its portfolio. Plan the long term maintenance of its portfolio and provide information to enable financial planning over a 30 year period, ensuring that homes continue to meet the Decent Homes standard and any future changes to legislation in the private rented sector.

### **8.1.5 Day to Day Repairs Policy - Housing Supervisory Board**

are asked to note the day-to-day repairs policy which sets out how CDL will meet its legal, regulatory and statutory requirements as a private landlord in respect of day-to-day repairs of its private rented housing stock. This will include how tenants can report repairs both during office hours and out of hours, categorising repairs i.e. emergency and non-emergency and clearly identifying CDL's and the tenants responsibilities in relation to all repairs.

8.2 CDL have also given consideration into what type of deposit scheme CDL should implement, how much deposit should be charged and whether CDL should allow pets in PRS homes. A short report and recommendations can be found in Appendix G. The Housing Supervisory Board are asked to consider this whilst approving the policies.

## 9. Conclusions

9.1. The Housing Supervisory Board is asked to receive the CDL report on the Company's request to approve all the policies in relation to the private rented sector.

9.2. The Housing Supervisory Board is asked to approve recommendations as below and found in appendix G.

9.2.1 CDL charge all tenants the maximum deposit allowed, being 5 weeks' rent, to ensure CDL are financially protected.

9.2.2 CDL use a custodial scheme as it comes at nil cost to CDL (the Deposit Scheme makes its money by the interest earned on holding the deposit) and use TDS custodial scheme as TDS are known for having a better reputation in the service it provides to landlords & tenants.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Cabinet Member (Portfolio Holder)</b> Cllr Dean Carroll - Portfolio Holder for Housing and Assets Cllr Vince Hunt - Chair of Housing Supervisory Board
<b>Local Member</b>
<b>Appendix A</b> CDL PRS Policy Consultation <b>Appendix B</b> Rent Setting Policy <b>Appendix C</b> Lettings Policy <b>Appendix D</b> Debt Management & Recovery Policy <b>Appendix E</b> Planned Maintenance Policy <b>Appendix F</b> Day to Day Repairs Policy <b>Appendix G</b> Recommendations for CDL Private Rental Properties