

CDL Board: 10th May 2023
Item: 11. PRS Policy Consultation
Report Author: Lindsay Truman, Head of Development
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Purpose/ Summary: To seek approval for Private Rental Sector (PRS) policies drafted in anticipation of Cornovii Developments Ltd entering the PRS market.

Recommendations:

CDL Board is requested to:

- Approve the draft CDL PRS policies in appendices A - E.
- Approve CDL to charge the maximum deposit allowed of 5 weeks – see Appendix F.
- Approve implementation of the Tenancy Deposit (custodial) Scheme for managing tenant deposits – see Appendix F.
- Approve CDL allowing pets, at CDL discretion and at no additional cost to the tenant – see Appendix F.

Discussion or Decision	Decision	Anticipated time	10 mins
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Financial Implications:

The CDL Board and Housing Supervisory Board approved the March 2023 CDL Business plan which includes retaining 33 homes for private rent over five schemes. The total PRS investment is £6.58m over a six year timeframe to deliver a long term investment income to the Shareholder over a 45 year period.

Intended outcomes:

Deliver 33 Private Rented Sector homes to deliver a long term revenue stream for the Shareholder and exploit a market opportunity within Shropshire which would also assist in providing additional accommodation options for key workers.

People: shareholder, customer, stakeholder and staff implications:

The March 2023 Business Plan was presented to CDL Board and Housing Supervisory Board in March 2023 and gained full approval to include 33 homes for PRS.

Risks and Controls:			
The following risks have been identified in relation to delivery of PRS:			
Description of Risk	Current Controls		
Non-payment of rents	- Implementation of a Debt Management & Recovery Policy.		
Void costs	- Implementation of a Debt Management & Recovery Policy. - Management fee of 5% built into PRS appraisals.		
Property damage	- Implementation of a Debt Management & Recovery Policy. - Robust tenancy agreement to be drafted		
Illegal activity	- Robust tenancy agreement to be drafted		
General disputes	- Robust tenancy agreement to be drafted - Full suite of CDL policies clearly defining tenant and CDL responsibilities to mitigate any potential disputes		
Unclear or absent policies lead to poor management of PRS tenancies and properties	- Development of a full suite of CDL policies. - Annual review of policies.		
Legal and regulatory issues:	Yes	Advice taken:	Yes
All policies have been drafted in line with current regulations as referred to within each policy. CDL will seek advice on technical issues where required.			

1.0 Background and Context

- 1.1 In March 2023, the CDL Board and Housing Supervisory Board approved the March 2023 Business Plan which includes retaining 33 new homes for private rent to deliver long term investment revenues to the Shareholder.
- 1.2 CDL are currently engaging with Shropshire Council's Treasury team to top slice £7m from the existing £49m funding envelope and create a PRS loan facility to fund the investment.
- 1.3 CDL have identified 33 homes across five schemes, Ifton Green, Ellesmere Wharf, Oaklands, London Road and Shrewsbury Road.
- 1.4 The new loan facility could be in place by September 2023 and CDL in a position to retain PRS properties from late 2023 / early 2024.

2.0 Proposed PRS Policies

- 2.1 CDL's Development Contracts Officer has previous experience in the lettings market and has reviewed current legislation and drafted the following policies in preparation for CDL's expansion into PRS:
 - Rent Setting Policy – see Appendix A
 - Lettings Policy – see Appendix B
 - Debt Management & Recovery Policy – see Appendix C
 - Planned Maintenance Policy – see Appendix D
 - Day to Day Repairs Policy – see Appendix E

2.2 Consideration has also been given to 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 F.

2.3 An Assured Shorthold Tenancy based on the government's standard form will be adapted and presented to the Board for approval in Summer Autumn 2023 and which will pick up breach of tenancy triggers.

3.0 Recommendations

3.1 CDL Board is requested to:

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