

RENT INCREASE - COMPARISON OF OPTION 1 AND 2 FOR CONSIDERATION BY CABINET 17 JANUARY 2012

		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Revised	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Average No of Properties for Rent purposes	3,805	3,801	3,796	3,791	3,786	3,781	3,776	3,771
LESS voids @ 1.5%	57	57	57	57	57	57	57	57
Projected chargeable properties	3,748	3,744	3,739	3,734	3,729	3,724	3,719	3,714
FORMULA RENT		£72.53	£74.71	£76.95	£79.26	£81.63	£84.08	£86.60
<u>Option 1 - Government Proposed Rent Increase</u>								
Projected % Increase (Inflation)	6.90%	7.82%	4.64%	4.61%	4.59%	3.02%	3.01%	3.00%
Projected £ Increase		£5.02	£3.21	£3.34	£3.48	£2.39	£2.46	£2.52
Projected Actual Rent (<i>see Rent Model</i>)	£64.20	£69.22	£72.43	£75.77	£79.25	£81.64	£84.10	£86.62
Estimated Rent Income	£12,512,300	£13,476,400	£14,082,900	£14,712,400	£15,367,100	£15,809,900	£16,263,900	£16,729,300
DIFFERENCE BETWEEN FORMULA RENT AND ACTUAL RENT		-£3.31	-£2.27	-£1.18	-£0.01	£0.01	£0.02	£0.02
<u>Option 2 - 4.75% Proposed Rent Increase in Yr 1, re-align with convergence thereafter</u>								
Projected % Increase	6.90%	4.75%	4.75%	4.75%	4.75%	4.75%	3.86%	3.01%
Projected £ Increase		£3.05	£3.19	£3.35	£3.51	£3.67	£3.13	£2.53
Projected Actual Rent	£64.20	£67.25	£70.44	£73.79	£77.29	£80.97	£84.09	£86.62
Estimated Rent Income	£12,512,300	£13,092,700	£13,696,300	£14,327,600	£14,988,100	£15,679,000	£16,262,300	£16,729,300
DIFFERENCE BETWEEN FORMULA RENT AND ACTUAL RENT		-£5.28	-£4.26	-£3.16	-£1.96	-£0.67	£0.01	£0.02
<u>Positive / Negative (-) Impact on Rental Income to the HRA</u>								
Option 2 compared to Option 1	£0	-£383,700	-£386,600	-£384,800	-£379,000	-£130,900	-£1,600	£0
Cumulative Loss of income at Year 3 and Year 5				-£1,155,100		-£1,665,000		