


 <p data-bbox="422 248 612 376">Adelaide Plains Council</p>	<p data-bbox="791 241 1114 277">21.3 Confidential Item</p>
<p data-bbox="703 472 890 508">23 May 2022</p>	

21.3 Council Owned Units – Mallala, Rent Review

RECOMMENDATION

“that:

- 1. Pursuant to section 90(2) of the *Local Government Act 1999*, the Council orders that all members of the public, except Chief Executive Officer, General Manger – Governance and Executive Office, General Manager – Development and Community, General Manager – Finance and Business, General Manager – Infrastructure and Environment, Manager Governance and Administration, Manager Library and Community, Administration and Executive Support Officer/Minute Taker and Information Technology Officer be excluded from attendance at the meeting of the Council for Agenda Item 21.3 – *Council Owned Units – Mallala, Rent Review*;**
- 2. Council is satisfied that pursuant to section 90(3)(a) of the *Local Government Act 1999*, Item 21.3 – *Council Owned Units – Mallala, Rent Review* concerns information of a confidential nature the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person, and it would be unreasonable to disclose this information; and**
- 3. Council is satisfied that the principle that Council meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”**

 Adelaide Plains Council	21.3	Council Owned Units - Mallala, Rent Review
	Department: Report Author:	Development and Community Manager Library and Community
Date: 23 May 2022	Document Ref:	D22/19691

EXECUTIVE SUMMARY

- The management of the Council owned units at 10-12 Aerodrome Road, Mallala (known as Dunstan Court) and Unit 2/7 Chivell Street, Mallala was transferred back to Council from *Junction Australia* (formerly *Junction and Women’s Housing Ltd*) in March 2018. These units are still being managed by Council staff.
- Council continued with the existing Rent Setting as specified in the former Working Agreement (current at the time), between Junction Australia and Adelaide Plains Council. Just prior to the transfer, Council adopted Rent Setting, Utility Charges and Tenant Entry Criteria, specifically targeting the current and future tenants residing at the Mallala Units.
- The purpose of this report is for Council to review its rent setting for the Mallala Units.
- In October 2017, Council reviewed its rent setting for the Mallala Units and determined a flat rate for tenants. However, Council did not address CPI factors when setting the rent, or how incoming tenants’ rent would be calculated if CPI is factored into the rent review.
- This report is to determine if Council will consider a rent rise (if any) for current and future renters.

RECOMMENDATION

“that Council, having considered Item 21.3 – *Council Owned Units - Mallala, Rent Review* dated 23 May 2022, receives and notes the report and in doing so:-

- 1. Increases current tenant rent in line with 5% CPI;**
- 2. Increases tenant rent annually in line with Adelaide CPI prior to the beginning of each financial year ;**
- 3. Sets rent for incoming tenants in line with current rental fees at the time of entry; and**
- 4. Instructs the Chief Executive Officer to write to all tenants advising them of Council’s decision.”**

BUDGET IMPACT

Estimated Cost:	\$0
Future ongoing operating costs:	\$0
Is this Budgeted?	Not Applicable

RISK ASSESSMENT

Without factoring Consumer Price Index (CPI), Council is at risk of 'financial burden'. Clearly expenses associated with the on-going maintenance of the Units have risen in the past years, including contractor charges and staff wages.

Attachments

Nil

DETAILED REPORT

Purpose

The purpose of this report is for Council to review the current rental fees set for Council's owned Units.

Background/History

The Adelaide Plains Council owns seven single bedroom units located at 10 Aerodrome Road, Mallala (known as Dunstan Court) and one, two bedroom unit located at 2/7 Chivell Street, Mallala. The units are currently managed by Council staff who oversee unit maintenance, tenant lease agreements and filling unit vacancies for suitable prospective tenants who meet the eligibility criteria.

Council, at their meeting October 2019 determined rent to be set at a fixed rate for the units located at Dunstan Court, Mallala and Unit 2/7 Chivell Street, Mallala as follows:

21.3 Council Owned Units, Mallala – Rent Setting

Moved Cr Parker

Seconded Cr Keen

2019/ 475

“that Council, having considered Item 21.3 – Council Owned Units, Mallala – Rent Setting, dated 28 October 2019, instructs the Chief Executive Officer to calculate rent for the Council owned units as follows:

- ***10-12 Aerodrome Road, Mallala (known as Dunstan Court) \$140 per week***
- ***Unit 2/7 Chivell Street, Mallala \$160 per week.”***

CARRIED

Discussion

When Council set the rental fees for the Mallala Units in October 2019, annual increases or CPI were not addressed. Since that time, rental charges have not changed.

Without factoring CPI, Council is at risk of financial burden if the rental income does not meet the outgoing expenses required to manage and maintain the Units. Moreover, with the age of these buildings it is expected that Council will need to spend more money on maintaining their infrastructure in the coming years.

It is recommended that Council review its rent setting, continuing with the initial rental fee set, and adopt an annual increase in line with CPI, to be reviewed at the commencement of each financial year. In addition, it is recommended that rent for new incoming tenants should be set at the same rate of rental charge at the time of unit entry.

The median CPI is currently set at 5.0% across Australia, with South Australia's CPI is currently 4.7%. As the rent has not increased since the October 2019 resolution, if Council adopts the decision to align with CPI, a current increase may be 5% (around \$8.00 per week), however, taking into

consideration increases in Pensions, including energy and pension supplements, from September 2019 to now, totalling approximately 5.9%, the suggested increase in rental charges, should not significantly impact tenants.

Tenants will have the opportunity to discuss any financial hardships that this potential increase may cause them with Council staff and agreements can be made to support their specific issues whilst adjusting to the rental increase.

Conclusion

It is recommended that current rent is increased in line with CPI, with future rent increased annually calculated in line with CPI each year.

It is recommended that any incoming tenant rent is set at the same amount that is currently paid by other tenant rent at the time of entry.

References

Legislation

Local Government Act 1999

Community Housing Rent Policies and Procedures 2015

Community Housing Rent Policy 2019

Residential Tenancies Act 1995

SA Government – Public and Community Housing www.sa.gov.au

Council Policies/Plans

Strategic Plan 2020-2024

RECOMMENDATION

“that Council, having considered the matter of Agenda Item 21.3 – *Council Owned Units – Mallala, Rent Review* in confidence under sections 90(2) and 90(3)(a) of the *Local Government Act 1999*, resolves that:

- 1. The staff report pertaining to Agenda 21.3 – *Council Owned Units – Mallala, Rent Review* remain confidential and not available for public inspection until further order of the Council except such disclosure as the Chief Executive Officer determines necessary or appropriate for the purpose of furthering the discussions or actions contemplated;**
- 2. Pursuant to section 91(9)(a) of the *Local Government Act 1999*, the confidentiality of the matter will be reviewed every 12 months; and**
- 3. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke this confidentiality order to the Chief Executive Officer.”**