



Policy: **Rent Policy**

Approved by: Group Board

Date Approved:

Frequency of review: **Annually**

POLICY STATEMENT:

- This policy aims to provide guidance to Broadland Housing Association regarding the setting of rents and annual rent reviews.
- The Policy is designed to ensure that our homes remain affordable to residents whilst meeting business plan assumptions for financial sustainability.

SCOPE:

- To ensure that Broadland complies with legislative requirements, the Regulator's Rent Standard and any Government Policy.
- That rents remain affordable to tenants.
- That annual rent reviews remain in line with business plan assumptions.
- Any service charges applied should recover the Association's costs and represent value for money. BHA will have an overview of affordability for customers, however, will consider this alongside other factors such as welfare benefit and wage levels.
- This policy does not include setting or monitoring of commercial rents.

The Policy will apply to all residential tenancies issued by the Association.

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KEY STAFF RESPONSIBILITIES:

- **The Board**
The Board has ownership of this policy and is responsible for approving the Policy and deciding the annual rent review.
- **Leadership and Senior Managers**

Senior staff are responsible for recommending annual rent review amounts to the board and setting rents in line with this policy and the Regulatory Standard.

- **Staff**

Staff will be asked to implement this policy through rent setting and gathering relevant information to help decide on the annual rent review. They are responsible for responding in a timely way to any queries from tenants and raising any concerns with their manager.

DEFINITIONS:

Consumer Prices Index (CPI) – the CPI measures the overall change in prices paid by United Kingdom (UK) consumers. It is based on a representative basket of goods and services over time. It is a recognised national measure of inflation within the UK.

Retail Prices Index (RPI) – the RPI measures the overall change in prices based on a basket of goods, similar to CPI. The overall baskets however do not contain the same goods and the RPI measures price changes including average UK house prices and interest rates.

Formula Rent - is a method for ensuring that rent levels for social tenancies remain reasonable based on several factors. These factors are:

- The relative property value (value of the property versus the national average)
- The relative average earnings of the county the property is in, otherwise known as county earnings – (value of county earnings versus the national average)
- The number of bedrooms in the property

RELEVANT KEY LEGISLATION AND RELATED DOCUMENTS: *(not limited to)*

Legislation	Documents
RSH's Rent Standard and Policy Statement	Corporate Strategy
Department for levelling up, housing and Communities, Shared Ownership Rent Reform	Risk & Assurance Framework
Welfare Reform and Work Act 2016	Income Collection Policy
Mobile Homes Act, 2013	Tenancy Agreement
Govt Capital Funding Guide (Shared Ownership)	Pitch Agreement
Housing Act 1988 (as amended by the Regulatory Reform (Assured Periodic	Complaints Policy & Procedure
	Local Housing Allowance data
	ONS data
	Development Agreements
	Allocations Policy & Procedure
	Service Charge Policy & Procedure

Tenancies) (Rent Increases) Order 2003)	
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EQIA – EQUALITY IMPACT ASSESSMENT:

A full Equality Impact Assessment has been carried out

IMPORTANT PRINCIPLES:

Initial rent setting -The initial rent will be set for newly built homes in line with the RSH Rent Standard. The development agreement may include a clause about capping the rent at Local Housing Allowance (LHA), this is subject to RAP approval. Where this is in place, it will apply to annual reviews and when re-letting homes.

Social Rents -Rent is set initially using ‘formula rent’ as set out in the Rent Standard and the Government Policy Statement. Broadland may make use of the rent flexibility allowing 5% above the rent calculation (general needs) and 10% for supported housing. However, any decision to do so will require a clear rationale, taking into account affordability and local circumstances.

Affordable Rents -These properties are initially let at 80% of open market rents (including service charges but excluding Personal Charges) but will be capped at Local Housing Allowance levels if it is a clause in the Development agreements. When a property is re-let, an independent valuation is undertaken, and the new rent is re-set at 80% of market rent (with a cap at Local Housing Allowance levels where this has previously been in place) at the point of re-letting a home.

Fair Rent Assessments -The Association still has 60 Fair Rent (secure) tenancies. These are re-assessed by the Rent Officer every 2 years on the anniversary of the tenancy and are outside the annual rent increase process. The maximum weekly rent is the lower of the fair rent set by the Rent Officer and , any increase proposed which exceed CPI + 1% must be capped to meet the terms of Rent Standard.

Personal & Service Charges -Service costs should be recovered by service charges unless this is not permitted under the tenancy (for example affordable rents). BHA will set service charges based on estimated budget costs and include any over or under recovery from the actual charges. Personal charges can be recovered on any type of tenancy as they are a cost incurred related to the resident’s home.

Service charges are not subject to the same regulatory restrictions as rent. However, the Regulator requires providers to try and minimise increases for service charges, to keep them within the limit on rent changes.

Annual rent review

Rents will be reviewed annually, using the government rent direction as a maximum increase for affordable and social rents, having regard to the affordability of rent increases in the context of local circumstances and benefits available. The Board will have ownership of the rent review decision, receiving a paper setting out the proposed change.

There are some affordable homes which are not subject to being capped at Local Housing Allowance rates and therefore have a higher rent than others in the surrounding area. These properties will be reviewed at the same time as the above and a decision made on any change to their rent levels.

Relets – Each of the different rent types have a process as detailed above for setting the rent upon it becoming available for letting. As part of the board's decision when reviewing the rent annually, they may specify a decision relating to any properties re-let throughout the year.

Exemptions to Rent Standard

Temporary Housing Projects - Where Broadland agrees to provide housing on a temporary basis, rent will be set on the basis that the project financially stands alone for the purpose of setting both rent and the service charges, taking into account the specific issues relating to the scheme.

Intermediate Rents - Intermediate Rents are set as 80% of open market rents and reviewed annually based on an independent revaluation. Broadland has the discretion to apply a rent increase lower than the revaluation. At re-let, the rent will be reset to the full 80% of market rent, informed by the annual independent revaluation. Service charges are excluded.

Shared Ownership - The rent charged will take into account the proportion of the property sold and is fixed at 2.75% of the unsold equity at initial sale, except where the Board otherwise determines.

Rents for shared owners who purchased before the 12 October 2023 that were funded by Homes England under an agreement and completed prior to October 12th, 2023, can be increased by no more than September RPI + 0.5%,

Rents for shared owners who purchased on or after the 12 October 2023 and were not funded by Homes England, can be increased once a year by no more than the Consumer Prices Index (CPI) plus 1%.

However registered providers of social housing have discretion to increase rents by less than CPI plus 1%. This ensures that providers have greater flexibility to protect new shared owners from particularly high rent increases during periods of high inflation.

The floor for shared ownership rent increases from 0.5% to 0%. This means that rents cannot be increased if CPI is minus 1% or lower.

Pitch agreements - Rents for pitches on Gypsy, Roma and Traveller sites are set at social or affordable level in line with funding and the initial site appraisal. The annual rent review will be in line with the tenancy or pitch agreement.

Garage/Parking Space Rents – Rents will be reviewed annually and will take into account inflation and market rates locally. VAT is applied to non tenants who rent a garage from us.

DATA PROTECTION

This policy (and associated procedures) may contain the collection of sensitive personal information. A Privacy Impact Assessment (PIA) has been undertaken.