



Rent policy



Housing

1 Regulatory requirement

1.1 Schedule 1 of the Tenant Services authority (TSA), Decision Instrument 5 'Revision to the Tenancy Standard: Affordable Rent and applies to the Association's Social Housing stock, requires Registered Providers to :

- ensure they meet the following requirements, which derive from the Government's Direction to the TSA of November 2009 and published within Directions to the TSA – Summary of Responses and Government response, November 2009, CLG
- set rents, subject to paragraphs 2.3 and 2.4, with a view to achieving the following as far as possible:
 - rents conform with the pattern produced by the rent formula set out in rent influencing regime guidance ('target rents') with a five per cent tolerance in individual rents (ten per cent for supported and sheltered housing) ('rent flexibility level') but subject to the maximum rent levels specified in that guidance ('rent caps')
 - weekly rent for accommodation increases each year by an amount which is no more than RPI + 0.5% + £2 until it reaches the upper limit of the rent flexibility level or the rent cap, whichever is lower
 - weekly rent for accommodation that has reached or is above the upper limit of the rent flexibility increases each year by an amount that is no more than the increase to the target rents
 - rent caps increase annually by RPI + one per cent
 - target rents increase annually by RPI + 0.5%
 - where the application of the Rent Standard would cause registered providers to be unable to meet other standards, particularly in respect of financial viability including the risk that a reduction in overall rental income causes them to risk failing to meet existing commitments such as banking or other lending covenants, the TSA may allow extensions to the period over which the requirements of the Rent Standard are met
 - the requirements of paragraphs 2.2 and 2.3 do not apply to homes let on Affordable Rent terms. Affordable Rent terms can only be used where a delivery agreement for new supply of social housing has been agreed under a supply agreement entered into by a Registered Provider and the HCA under the HCA's 2011-15 Affordable Homes Programme Framework

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Agreement, September 2011. Rents in these homes should follow the guidance in the “Affordable Rent: Changes to the Tenancy Standard” section of the Explanatory note accompanying this standard, which includes a section on guidance in relation to the Rent Influencing Regime Guidance

- to provide clear information to tenants that explains how their rent and any service charge is set, and how it is changed, including reference to the RPI benchmark to which annual changes to rent should be linked (except where rents are controlled under different legislation).

2 Associated documents

2.1 Internal

- Tenants’ Handbook
- Rent increase and associated procedures
- Assessment of service charges (procedure)
- Tenants’/residents’ guides to rent setting and service charges (including appeals)
- Aids and Adaptations Policy
- HCA Affordable Homes Framework Agreement – September 2011

2.2 External

- Rents Act 1977
- Rents Acts (Maximum Fair Rent) Order 1999
- Housing Management Standards Manual (Chartered Institute of Housing)
- Principles of rent setting: a good practice guide (National Housing Federation, 1999)
- Tenancy Standards : Affordable Rents and revisions 2010/11
- Affordable rents – revisions to the tenancy standard - 2011

3 Introduction

- 3.1 Rents are the most significant and important income stream for the Group. Evesham & Pershore Housing Association (EPHA) rent levels and increases are informed by the maximum amounts set by the housing regulator(assured tenancies) , or the Rent Officer (Secure tenancies) dependant on the type of tenancy.
- 3.2 Rooftop Housing Limited (RHL) rents are set by reference to the local rental market and advice from estate agents. For the private rented stock and garages the aim is to maximise income and therefore the rent is the maximum that the market will bear.

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- 3.3 The rent for keyworker accommodation is determined through negotiation with the each Health Trust . The rents agreed are outlined in the management agreement or lease with the Health Trust and includes the mechanism for the annual rent increase.
- 3.4 It is our policy to set rents which are affordable and either :conform to the guidance issued by the housing regulator (EPHA); or reflect the current market (RHL), recognising the importance for the Group to maximise its income to provide appropriate services to its tenants.
- 3.5 To enable the Association to continue to build excellent quality, affordable homes we have an agreement with the Homes and Communities agency (HCA) to let selected new and existing properties at up to 80% of the Market Rent including service charges (Affordable Rent) to raise funds to supplement our developments.
- 3.6 The number of properties where Affordable Rent will be charged is based on criteria agreed with the HCA. The Board has agreed that AF will be set at 80% of the market rent.
- 3.7 Rent increase for the properties falling outside the AR will be increased using the formula provided by the Regulator within the rent influencing regime guidance.

4 Policy framework

- 4.1 The original rent policy for EPHA was based upon the guarantee given to transferring tenants in 1994 that rent would not increase by more than one per cent above the cost of living index for the first five years. All new Social Housing tenants were let on an Assured Tenancy and all new rents were calculated using the regulator's rent restructuring formula. The new policy will cause different rent levels to exist throughout the housing stock. RHL properties were let using advice from local estate agents to apply a realistic market rent and are not regulated under the Rent Restructuring regime or the TSA Decision Instrument 5.
- 4.2 Following the Regulator's publication 'Rent Influencing Regime', a common system of rent increases was adopted based upon relative property values and local earning levels. This system will not apply to the Affordable Rents regime. Some properties in Bishops' Cleeve are also subject to the regulations of the Rent Officer .

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4.3 This policy applies to rents only, i.e. the charge for the provision of the dwelling, together with all other facilities/amenities within the curtilage. Tenants will be expected to make their own arrangements for payment of Water Rates and Council Tax. All other charges, such as heating or service charges (where applicable), are recovered at cost.

5 Objectives

- 5.1 EPHA will provide a quality housing service reflecting the needs and demands of its tenants on a non-profit making basis. RHL will set rents to maximise income
- 5.2 Rents will need to be sufficient to cover the costs of providing services and the Association's other costs, including staffing, office accommodation and loan repayments.
- 5.3 Affordable Rents will be charged on new lettings, where appropriate, to enable the Association to fulfil its agreement with the Homes and Communities Agency and allow the development of new, much needed, accommodation.

6 Application of rent policies

Assured tenancies

6.1 From October 2011 we will charge Affordable Rent on new build (except where there is a S106 restriction, or otherwise agreed with the HCA) and a portion of re-let as agreed with the HCA. Affordable rents will also be charged for most relets.

6.1.1 All our stock will be re-valued every three years.

6.2 Previously the target rent for all relets was calculated using a formula based upon the relative property values and local earnings levels. This calculation will continue for selected properties which include: Category 2 Sheltered Housing; Frail Elderly Schemes; Extra Care Schemes; Supported Housing units and properties where Section 106 Town and country Planning Act restricts the use of the dwelling to Social / Target Rents.

6.3 Social and affordable Housing Rents will normally be increased on an annual basis taking effect from the beginning of each financial year (April). The amount of increase will take into account any guidance issued by the Regulator .

Secure tenancies

6.4 All housing association tenancies granted before 15 January 1989 are regulated by the Rents Act 1977 and subject to fair rent system administered by the Rent Officer.

6.5 In determining the rent the following are taken into account: property age, character, location and state of repair, along with any provision of furniture.

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6.6 The Rent Officer will set a rent after consideration of the market rent for comparable properties. Since 1999 the Rent Officer will also calculate a 'maximum fair rent' and any increases are limited by linking them to changes in RPI.

6.7 The rent increase cannot be more than the maximum set by the Rent Officer .

Improvements

6.8 Rents will be increased following selected improvements where these increase the value of the property. The improvements could include:

- In curtilage car parking
- Certain type of aids and adaptations such as room extensions.

Other

6.9 If improvements are made to properties subject to 'Fair Rents', then an application can be made to the Rent Officer for an increase in rent, even if this is prior to the 'normal' two year re-registration cycle.

6.10 Garage rents will be assessed on an annual basis with rents set on a sliding scale based on the attributes of each garage.

6.11 Communal heating and other service charges will be reviewed annually and fixed at a level to cover the costs to the Association.

6.12 Tenants will be able to pay through one of the following methods:

- By allpay.net swipe card at Post Office Pay Point
- By telephone using debit and credit card and telephone banking
- By internet using debit and credit card and internet banking
- By cheque in the post
- Standing Order
- Direct Debit
- Housing Benefit payment

7 Review

7.1 The boards of EPHA and RHL will review this policy every three years.

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8 Scheme of delegation**8.1 Responsible committee**

EPHA and RHL Board

8.2 To whom delegated

Formulation and monitoring of Association policy and procedure

EPHA and RHL Board

Amendments to policy

EPHA and RHL Board

Monitoring of policy

EPHA and RHL Board

Implementation of policy

Director of Housing and Communities: subject to monitoring by the EPHA and RHL Board

8.3 Date of last policy review

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