



<b>TITLE</b>	Rent Setting Policy
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**This Policy sets out how WM Housing Group sets its rents; how we work out any increase in our rents and how we notify our tenants.**

## **1. Policy Statement**

1.1 WM Housing Group is committed to the following objectives in how rent and other charges are set.

- To provide accommodation to rent at affordable levels. Our rents are set below market rent levels.
- To meet the statutory, regulatory and contractual obligations in setting rents and service charges.
- To ensure that all tenants are advised clearly at the start of their tenancy, what their rent is and any service charges that apply.
- That any change to the rent is clearly communicated ensuring that proper notice is provided in line with our statutory, regulatory and contractual obligations.
- That our tenants are advised of the availability of housing benefit and are given support to claim housing benefit that can help cover the rent for those on low incomes.

## **2. Policy Purpose and Aims:**

2.1 This policy provides a framework within which the Group and our Partner Associations (Whitefriars Housing Group, Harden Housing Association, Kemble Housing and Nexus Housing) will set rents and service charges and make changes to those rents and service charges. The policy recognises that Partner Associations may operate differently within the framework of this policy and have different procedures.

2.2 This policy seeks to contribute to the Group's vision "Creating places where people are PROUD to live and work" by ensuring that rents are set in line with statutory obligations and that tenants are clearly advised of any changes to rents and service charges.  
We aim to provide affordable accommodation and good value for money for all our customers.

2.3 WM Housing Group has four core values. These are:

Providing excellent services  
Acting with integrity  
Delivering creative solutions  
Valuing people.

This policy provides the framework for the delivery of these values via our staff dealing with rent and other charges.

2.4 The Government has powers granted by the Housing and Regeneration Act 2008 to issue directions to the Tenant Services Authority to set out the rent regime for Housing Associations. This policy meets the requirements of our regulator the Tenant Services Authority as set out in its National Standards and its directions to all registered providers.

### 3. **Our Policy**

#### 3.1 Rent setting

Our assured and secure tenants rents are set in accordance with the rent restructuring framework issued by the Tenants Services Authority. This seeks to ensure that all registered providers calculate their rents in the same way and that rents for similar homes are broadly the same.

In line with Government policy WM Housing Group's rents conform with the rent formula set out in Tenant Services Authority's 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'). The Government's "target rent" formula is based on three factors.

- Average earnings locally compared with the national average.
- Property valuations.
- Number of bedrooms.

With all new lettings including transfers, rents are set within the "rent flexibility" level as indicated above.

This policy reflects current directions from the Tenant Services Authority. Any changes to the regulations, will mean that we will need to comply with the changes and we will need to amend our policy accordingly.

Rent is normally charged over 48 weeks a year at Whitefriars and 52 weeks at Harden, Kemble and Nexus, although each Association has exceptions to the norm. Partner Association boards can agree any revisions to these arrangements. We will advise customers annually of the weeks for which rent is not applied. We also have monthly and quarterly tenancies.

### 3.2 Rent increases

All rents included within the Tenant Services Authority's rent influencing regime will be increased/decreased using the formula prescribed by the Tenant Services Authority.

This involves rents increasing by the rate of inflation plus 0.5%. The guidance indicates that we should use the September Retail Prices Index (RPI) for the inflation figure.

This guidance indicates that all rents not at approved rent level should increase or decrease towards the approved rent level. Any increases/decreases will be on a phased basis with a maximum additional rent increase or decrease of £2 per week (based on a 52 week year). This additional amount should be added/subtracted each year to ensure rents are no more than the upper limit of the rent flexibility level or the rent cap, whichever is the lower.

Typically, our rent increases are either the 1<sup>st</sup> Monday in April for Whitefriars or 1<sup>st</sup> Monday in October for Harden, Nexus and Kemble. Where we have monthly tenancies, these are from the first of the month.

We will ensure that rent increases are clearly communicated to our tenants. We will ensure that 28 days notice is given for weekly tenancies and a calendar month for monthly tenancies. The notification will include how we have changed the rent and any service charges. We will also include how the rent increase has been calculated.

In exceptional circumstances, where an emergency transfer or decant involves a higher rent, and this would cause the tenant a real hardship, consideration will be given to letting the property at a lower rent than target rent. Any lower rent must be approved by the appropriate Assistant Director or Head of Service. The rent would then converge towards target rent in accordance with our policy.

### 3.3 Secure tenancies

Secure tenancy rents are subject to registration with the Rent Officer. The registered rent is the maximum rent that may be charged for that period of time.

Rents below the registered rent levels will increase in line with our other rents with a maximum rent increase in any one year of Inflation +0.5% + £2 per week.

We will apply to the Rent Officer for a new Registered Rent 3 months prior to the expiry of the registration period.

### 3.4 Intermediate Market Rented Properties

Where we have properties let as Intermediate Market Rented properties, the rents are set at 80% of the market rent. Rent increases will be based on the Retail Prices index in September plus 0.5%. In the event of a negative inflation figure the rents will not change. Rents will be subject to a review every three years to adjust to any changes to market rent levels.

### 3.5 Service charges

We will ensure wherever possible that additional services provided to groups of our tenants are charged to those tenants benefitting from those services. These charges are additional to the rent.

These charges will be clear at the start of the tenancy. Changes to service charges will be notified to customers along with any rent increase notification.

Any new services will follow consultation with any tenants affected.

### 3.6 Shared ownership rents

Shared Ownership properties are covered by our Home Owners Management Services Policy. Rent increases will be based upon contractual obligations set out in the lease agreements.

### 3.7 Garages

Garage rents will be set by Partner Association boards. Account will be taken of affordability and market conditions. VAT will be charged except for current tenants and leaseholders who will not have to pay VAT on up to two rented garages.

A weeks notice in writing will be given to customers for any increase in the rent.

### 3.8 Removal of properties from the rent debit

Respective Partner Association boards may approve the removal of void properties from the rent debit only in the following circumstances.

- The void property has been designated for demolition.
- The void property has been designated for stock renewal.
- The property has been designated for sale.

Action to remove properties from the debit in these circumstances has been recommended by the Audit Commission as good practice.

Following Board approval the relevant Assistant Director or Head of Service will notify the relevant Finance Manager in writing, of the effective date for the property to be removed from the rent debit.

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#### **4. Equality Impact Assessment**

4.1 This policy has been subject to an Equality Impact Assessment. Our staff working across the Group have considered the impact of this policy on different groups and communities that we work with. We have sought to ensure in framing this policy, that we will not discriminate adversely against any group and will respect the diversity of the communities we are working within.

4.2 We will not discriminate on grounds of race, ethnicity, religion, sexual orientation, disability, gender or age.

4.3 We will be aware of other factors in delivering services, so that where a person suffers with poor mental health, has limited literacy skills or other vulnerability we can deliver services that are sensitive to these issues.

#### **5. Performance Measures and Targets**

5.1 The Group has produced a rent plan that demonstrates how we will achieve rent restructuring by 2012 in line with the guidance from the Government. The rent plan indicates progress in moving all rents towards target rents.

5.2 Rent levels for all our properties will be recorded within our Regulatory & Statistical Return (RSR). This ensures our regulator is aware of rents and can monitor progress against other registered providers.

5.3 We will report to our customers how we have met our obligations under the Tenant Services National Standards within our Annual Report.

#### **6. Monitoring and Review**

6.1 This policy will be reviewed every three years, unless legislation or sector developments require an earlier review. This is to ensure that the policy continues to represent best practice and the objectives of the Group.

6.2 We will consult with our customers across the Group on any review of this policy.

#### **7. Responsibility**

7.1 The effective implementation of this policy is the responsibility of the Executive Director - Housing and Community Services.

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## 8 Associated Documents/Policies

### 8.1 List of documents/associated policies/publications.

- The Housing and Regeneration Act 2008
- Equality and Diversity Strategy
- Value for Money Strategy
- Tenant Services Authority National Standards
- Housing Corporation “Rent Influencing Regime – Implementing the rent restructuring framework”
- Audit Commission Key Line of Enquiry - Housing Income Management