



The Havebury Housing Partnership Rent Setting Policy Policy No. HS 003

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Equality & Diversity Impact Assessment Outcome	Complete – July 2023		
Legal Advice (inc date)	Y – Capsticks reviewed 01 August 2023 (No material changes to the Rent Standard since advice last received.)		

1. Policy statement

- 1.1 The Havebury Housing Partnership (HHP) aims to set and maintain rents at levels which are affordable to existing and potential new residents, comply with relevant legislation and regulatory requirements and provide opportunities for the business to grow and remain viable.
- 1.2 This policy details how we set new rents and annually review rents, in line with statutory and regulatory requirements.

2. Purpose

- 2.1 The policy supports the delivery of our strategic objective to meet our legal and regulatory requirements. The policy sets out for our residents, staff and other stakeholders how rents are set on properties owned by HHP.
- 2.2 We will set rents that:
 - a) comply with legal, regulatory and contractual requirements (the list of applicable legislation is in section 6 below);
 - b) are based on the Government's Social Rent formula, the Government's Affordable Rent formula, Rent Officer determination, commercial rates and the agreements we make with Government and others who help fund our home building programme. Which of these applies to an individual tenancy is determined by the type of tenancy agreement in use for the home or property and any restrictions imposed by planning and/or funding arrangements;
 - c) enable us to maximise investment in our homes and services; and
 - d) are typically affordable for our tenants.

3. Scope

- 3.1 This policy refers to rent elements charged for the following tenancy types: assured, assured shorthold, assured with preserved rights, Starter Tenancies, Fixed Term tenancies, licence fee, demoted tenancies, shared ownership leases, intermediate rents, and garages.
- 3.2 The Policy applies to any new or acquired properties, the rents for which will be determined in accordance with current guidance from the Department for Levelling Up, Housing and Communities and any successor department.
- 3.3 Ground rent will be collected from leaseholders and shared owners in line with the lease, statute and regulations.

4. Responsibilities

- 4.1 The Board, having formally adopted the Rent Setting Policy for HHP, accepts responsibility for ensuring its implementation and for monitoring its effectiveness.
- 4.2 Day to day responsibility lies with the Chief Executive and the Leadership Team. The Director of Resources & Company Secretary is the nominated 'Accountable Director'.

5. Rent Setting Policy

5.1 Regulated rent setting

- a) **Social Rent** (General Needs, Housing for Older People and Supported Housing). HHP set the rent on homes to be let at social rent at a level that is no higher than formula rent, subject to the rent flexibility level and rent caps. The flexibility allows HHP to add an additional 5% or 10% (for supported housing) on top of the formula rent, which HHP has chosen to exercise. This flexibility improves our ability to deliver new homes at Social Rent and invest in existing homes. Formula rent plus the additional flexibility is subject to a rent cap which acts as a maximum ceiling on the rent that can be charged. When a property is re-let this is the rent that will apply to the new customer.
- b) **Affordable Rent**. HHP set the rent on homes to be let at affordable rent, at 80% of market rent (inclusive of service charges). HHP limits the affordable rent charged on a property to the LHA rate which is applicable, and the minimum rent charged is the formula rent. When a property is re-let to a new customer the rent is re-based on a new market valuation, and then limited by LHA rate, with the minimum rent charged, formula rent.

5.2 Regulated rent changes

- a) The government's policy sets out the parameters around increasing rents. From 1 April 2020, registered providers may not increase social and affordable rents by more than CPI (as at September the previous year) + 1 percentage point in any year. This limit is a ceiling and HHP is free to apply a lower increase, or to freeze or reduce rents, if it wishes to do so.
- b) This limit on social rent increases must be adhered to even if a customer's rent is below formula rent, or if a lower annual increase has been previously applied. HHP limit the increase on affordable rent to LHA rate for the forthcoming financial year. Where the rent for a property exceeds the rent flexibility level, the rent will not be increased by more than CPI (as at September of the previous year), each year, until the rent is brought within the rent flexibility level.
- c) HHP will comply with any rent increase caps imposed by the government's future policy;

5.3 Non-regulated rent setting

- a) **Shared Ownership**. Rent is set in accordance with the lease and as a percentage of the unsold equity.
- b) **Intermediate rent**. Intermediate rents are set at up to 80% of market rent.
- c) **Other residential property**. Rent will be set for other residential properties (eg those under a commercial lease or with a use and occupation agreement) in line with the terms of the lease.
- d) **Non-residential property**. Rent will be set for non-residential properties (eg garages) that take into account affordability for HHP residents. Charges for non-HHP residents will aim to maximise income in a reasonable way. VAT will be applied at the relevant rate, if appropriate.

5.4 Non-regulated rent changes

- a) **Shared Ownership**. Rents will be increased (or decreased) according to the

terms set out in the lease.

- b) **Intermediate rent.** Rent increases will be limited to a maximum of CPI + 1% per year.
- c) **Other residential property.** Rents will be increased (or decreased) according to the terms set out in the lease.
- d) **Non-residential property.** Rents will be increased (or decreased) according to the terms set out in the lease.

6. References

Related External Documents	
Reference	Link to reference
Housing Act 1985 (and amendments)	Housing Act 1985 (legislation.gov.uk)
Local Government and Housing Act 1989	Local Government and Housing Act 1989 (legislation.gov.uk)
Housing and Regeneration Act 2008	Housing and Regeneration Act 2008 (legislation.gov.uk)
Landlord & Tenant Act 1985 (and amendments)	Landlord and Tenant Act 1985 (legislation.gov.uk)
Localism Act 2011	Localism Act 2011 (legislation.gov.uk)
Commonhold and Leasehold reform Act 2002	Commonhold and Leasehold Reform Act 2002 (legislation.gov.uk)
Welfare Reform and Work Act 2016	Welfare Reform and Work Act 2016 (legislation.gov.uk)
Regulator of Social Housing Rent Standard	Rent Standard and guidance - GOV.UK (www.gov.uk)
Related Internal Documents	
<i>Service Charges Policy (HS 061)</i>	

7. Document Control

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