



RENT STANDARD POLICY

Updated

July 2018

1. **INTRODUCTION TO EMSH RENT STANDARD POLICY**

1.1. This policy applies to all tenants of EMSH (East Midlands Shelter for the Homeless). It designed to help explain the affordable rents and why we charge rent at our set price.

2. **POLICY AIM**

2.1. We will comply with the Rent Standard and any other Government and Regulatory Standards around rent setting.

2.2. The Rent Setting policy is used for:

2.2.1. Setting rents for re let properties to be let on fixed term or assured tenancies at both affordable and social rent amounts

2.2.2. Setting rents for new units to be let on fixed term or assured tenancies at both social and affordable rent

2.2.3. Calculating the increase to apply for from the Rent Officer for ***fair rent*** registrations for secure tenancies

2.2.4. Calculating the rent to apply for from the Rent Officer for fair rent registrations on new units to be let to new secure tenants

3. **TENANCY TYPES**

3.1. EMSH offers two tenancy types for social housing tenants –assured periodic tenancies (including assured shorthold tenancies) and excluded tenancies for supported housing

3.2. Both tenancy types can be offered at either affordable or social rent, with the rent levels being set by EMSH, in accordance with the Rent Standard.

3.3. We will use affordable rent when general needs properties are relet, newly built or become available at the end of a tenancy. Sheltered and supported housing properties may not be let at affordable rent.

4. **SOCIAL RENT SETTING FOR ASSURED TENANTS AND EXCLUDED TENANTS**

4.1. Assured social rents are subject to rent convergence. The Regulator allows housing associations to increase their social rents to a level 5% higher than target rent for general needs tenants and 10% higher for sheltered and supported housing tenants.

4.2. Pursuant to the Welfare Reform and Work Act 2016 registered providers of social housing are to reduce social housing rent by 1% per annum from the frozen amount in 2015/2016 and to comply with maximum rent requirements for new tenancies.

Calculating the target rent

4.3. Each individual property has a 'target rent'. The target rent is calculated using a formula that takes into account the value of the property (as at January 1999), the size of the property and the average manual worker's earnings in the local area.

4.4. The weekly target rent is: *70% of the average rent for the Housing Association sector x relative county earnings x bedroom weight + 30% of the average rent for the Housing Association sector x relative property value.*

4.5. These values have been defined by the Regulator in the Rent Standard and have been used in our target rent calculations.

- 4.6. Once reached, the target rent is decreased each year by the guideline limit, which is 1% less than the previous 12 months. Target rents are capped to minimize the impact of high property values on affordability for tenants.
- 4.7. Following recent regulation all social rent must be reduced at a rate of 1% per annum.
- 4.8. Each year the EMSH will be discussing approval of the rental change that will apply for the following financial year, depending on the budget and other considerations, within the framework of rent restructuring and any restrictions contained within previous stock transfer agreements.
- 4.9. Assured tenants and excluded tenants' rents can be increased during the first year of the tenancy by virtue of a contractual rent review clause in the tenancy agreement. In the case of assured tenancies, section 13 Housing Act 1988 applies to any increase to rents after the first year increase. A clause in the Tenancy agreement permits us to increase the rent within 52 weeks of the first let.
- 4.10. With effect from 7 April 2014, all RPs set relet rents at target rent + 5% for general needs tenants and 10% for sheltered and supported housing tenants or new tenants to existing properties.

5. SUPPORTED ACCOMMODATION

- 5.1. Out of the 30 tenants we hope to keep 12 supported accommodation places bringing in £52 extra per week per tenant. This will leave 18 tenants in low cost efficient sustainable accommodation.

6. RENT SETTING FOR AFFORDABLE RENT FIXED TERM AND ASSURED TENANTS

6.1. Affordability

6.1.1. The Government launched their new Affordable Homes Programme in 2011. They proposed that housing providers charge 'Affordable Rent' for new lets, which they defined as at 'up to 80% of market rents'. The additional income must be put towards developing new affordable homes.

6.2. Affordable rent setting for new tenants

6.2.1. The affordable rent for each property will be re-evaluated (also known as rebased) each time the property becomes vacant using a RICS (Royal Institute of Chartered Surveyors) approved method.

6.2.2. This calculation includes the current market rent in the area; any local affordable rent percentage caps; the Local Housing Allowance (LHA) caps for the area. EMSH where appropriate will set a cap on rent if the board feels it is unreasonable for social tenants to maintain.

6.2.3. If the affordable rent (including service charge) is less than the current social rent plus service charge for that property, then we will code the property as social rent and charge social rent for the property accordingly.

6.2.4. There will be a rent increase in the first week of April each year, including in the April following the grant of the tenancy.

6.2.5. The total affordable rent amount will include any housing benefit eligible service charges within it. Non-housing benefit eligible service charges will be charged in addition.

7. APPEALS FOR ASSURED SOCIAL RENT AND ASSURED/FIXED TERM

AFFORDABLE RENT TENANTS

7.1. Any fixed term or assured tenant on either affordable or social rent who feels that their rent has not been set in accordance with this policy can appeal using the Complaints procedure.

7.2. Under section 13 of the Housing Act 1988, tenants have the right of appeal to a Rent Assessment Committee if they feel the proposed rent for an assured tenancy is too high. Any tenant who is considering appealing should seek independent advice about this first from a Law Centre or Citizens Advice Bureau.

8. COMMUNICATING WITH TENANTS

8.1. Residential tenants receive a rent increase letter that gives at least one month's notice (assured tenants/assured shorthold/ Excluded tenancies) or four weeks' notice (secure tenants) of the increase. The rent increase letter will meet statutory requirements on format and content.

9. EQUALITY, DIVERSITY AND INCLUSION

9.1. Please refer to the EMSH Equal Opportunities and diversity policy.

9.2. Please check the Allocation Policy regarding how we allocate tenants accommodation.