



RENT SETTING POLICY

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1.0 Scope

This policy outlines how the Council will calculate rent for the housing stock that it owns and manages within the Housing Revenue Account.

How rent will be collected is outlined in the Rent Collection Policy; how service charges are calculated is outlined in the Leasehold Management Policy; and information about garage rents is set out in the Garage Management Policy. This policy does not cover how rent will be set for Shared Ownership properties.

2.0 Purpose

The purpose of this policy is to ensure the rents will be set in accordance with the relevant statutory and regulatory obligations.

The policy will set a clear framework for the setting and reviewing of rent levels for each property.

3.0 Aims and Objectives

The policy will ensure:

- Rents are set at a level which ensures that the Council can meet its obligations to customers, including maintaining the stock at a high standard of repair
- Rent increases are applied consistently and fairly
- The Housing Revenue Account does not fall into a deficit position.
- Council tenants are protected from excess rent increases

4.0 Regulatory Code and Legal Framework

- Housing Act 1985, Sections 24, 102 and 103
- Local Government and Housing Act 1989, Section 76
- Regulator of Social Housing Rent Setting Guidance
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Welfare Reform and Work Act 2016

5.0 Policy Outline

5.1 Calculation of rent

The Council will charge social rent for all properties, unless the charging of Affordable Rent is required to attract grant funding or make a new build scheme viable.

Rents will be set according to the formula set out in the Rent Standard which has consideration for the location, size and value of a property in conjunction with the local earnings. This is called the Formula Rent.

The basis for calculation of formula rent is:

- 30% of a property's rent should be based on relative property values
- 70% of a property's rent should be based on relative local earnings
- A bedroom factor should be applied so that, other things being equal, smaller properties have lower rents

5.2 Rent free weeks

Rents will be calculated over 52 weeks and collected over 48 weeks. There are four non-debit weeks per year, two at Christmas and two at the end of March.

Where there are 53 Mondays in the financial year, the rent will be calculated over 53 weeks and collected over 49 weeks.

Customers will be advised at the start of each financial year which weeks will be the rent free weeks.

5.3 Rent increases

This policy seeks to strike a balance between the need to keep rents affordable whilst providing sufficient funds to support the Council's need to maintain its housing stock and provide a high standard of customer service. The Council is aware that many tenants have low incomes and aims to provide housing that remains affordable.

Rent will be increase annually in April by CPI + 1%. The CPI as at the September prior to the April of implementation will be used. As set out in the Rent Standard and to allow time for the new rents to be calculated and to obtain Cabinet approval.

Tenants will be given four weeks notice in writing in accordance with the tenancy agreement. The Council is under no obligation to consult with tenants to vary the rent amount. The Council's decisions on rent levels are only challengeable by way of judicial review.

5.4 New build properties

Formula rents (social rents) will be charges new build properties wherever possible and all property acquisitions.

If the Council is in receipt of grant from Homes England to develop new Council housing for rent it is a requirement of the grant that Affordable Rents are used.

Affordable Rent is set at 80% of market rent. It is typically higher than social rent. The intention behind the introduction of Affordable Rent is to enable Council's to generate additional capacity for investment in new affordable housing.

6.0 Related Policies, Procedures and Guidelines

This policy should be read in conjunction with the:

- Financial Inclusion Policy
- Rent Collection Policy
- Tenancy Agreement

7.0 Review

This policy will be reviewed every three years or sooner if there is a change in regulation and legislation

8.0 Document History and Approval

Date	Version	Committee Name
18/9/19	1.0	Housing Committee
19/7/22	2.0	Cabinet