

## Rent Setting Policy

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### Document Log

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## **Purpose**

The purpose of this policy is to establish the principles and approach. By which Hawes Street Housing will set rent levels and service charges for its residential properties. Our rent setting policy sets out clearly for residents how our rents are calculated, set and reviewed, as well as certain exemptions from the Rent Standard.

## **Introduction**

This policy complies with the Rent standard (part of the regulatory framework for social housing in England) and the Government's policy statements on rents for social housing.

Hawes Street Housing is committed to ensuring that residents receive a high level of service, regardless of where they live. HSH is also committed to working within the guidelines and regulations published by Homes England.

Where the tenancy agreement for an individual property prescribes a method of setting and/or reviewing rent which is not in accordance with the Rent Standard, the rent will be set and/or reviewed in accordance with the terms of the Tenancy agreement.

## **Aims and Objectives**

The aim of this policy is to:

- Ensure that rent levels are sufficient to meet Hawes Street Housing's financial obligations
- Ensure that rent levels are sufficient to provide a good level of service to residents
- Enable homes to be maintained to the Decent Homes Standard
- Ensure that rents are sufficient to cover the cost of improving and modernising properties to acceptable standards in the future
- Maintain rental income at a level which contributes to the long-term financial stability of HSH
- Ensure that HSH complies with legislative and regulatory requirements in terms of rent setting, and
- Ensure that rent levels remain affordable to our residents

## **Social Rents**

In accordance with the Rent standard, the underlying principles of our policy are:

- Rents reflects the size, condition and location of the properties and local earnings

- A “formula rent” is to be calculated for each property according to a formula using the below factors.

A formula Rent is calculated for each property to consider the above factors. The basis for the calculation of the formula rent is that:

- 30% of the property’s rent is based on the property values relative to the national average (using the January 1999 property valuations)
- 70% of the property’s rent is based on local earnings relative to the national average
- One of five bedroom weightings is to be applied so that, things being equal, smaller properties have lower rents

In addition to the regulatory standard guidance on how rents may be increased, the Government Rent Policy Statement for Social Housing 2022 allows for Rent Flexibility to be applied to formula rents. This allows RP’s to set rents at up to 5% above the formula rent for general needs properties and 10% above the formula rent for supported properties, if there is a clear rationale for doing so, considering local factors and concerns, in consultation with tenants.

### **Secure Rents**

If a tenancy started before 15<sup>th</sup> January 1989, this is likely to be a regulated or secure tenancy. Fair rents are registered by the Valuation Office Agency (VOA) rent officers. Residents may apply for registrations of rent every two years, or sooner if there are major changes to a property e.g. repairs, improvements or rebuilding works. Landlords can apply after 21 months. If there have been no major changes to the property, the re-registration will be subject to Maximum Fair Rent Legislation.

### **Annual Rent Setting**

Rent levels will be reviewed and agreed by the Board annually.

For rent periods that begin in the 12 months from 1 April 2025 to 31 March 2026, rents for existing social rented general needs residents will increase by no more than 2.7%, in line with the government’s limit on annual rent increases guidance for 2025-26.

Residents will be given 4 weeks’ notice of any change in their net rent and/or service charges.

Rents for new tenants and/or new HSH properties will be in line with the formula rent, and will be as follows:

- 1 bed - £86.30 per week (£373.97 per month, rounded down to £373)
- 2 bed - £93.94 per week (£407.07 per month, rounded down to £407)
- 3 bed - £101.58 per week (£440.18 per month – rounded down to £440)

## Rent Calculation

All rent charge increases will take place on the first Saturday of April in each year.

Rent is due weekly in advance on Saturday of each week. The rent setting policy assumes weekly rent. From April 2024 new tenants, and those existing tenants who have converted from weekly tenancies, have monthly tenancies and rent is due monthly in advance. Some historic rents will remain at a weekly rate until properties are re-let.

To calculate these as monthly rents, the multiplier used  $wR \times 52w \div 12m$

Tenants who continue to pay by four weekly cycles are expected to pay four weeks in advance, totalling 13 payments in a yearly cycle.

## Service charges

Service charge is defined by S18 of the Landlord & Tenant Act 1985 as:

- An amount payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
- The whole or part of which varies, or may vary, according to the relevant costs.

Currently, for the majority of the Hawes Street Housing's rented properties, separate service charges are not levied for additional services such as communal maintenance. The cost of these services has historically been met by HSH.

It has been agreed that properties with eligible service charges will see these separated out when the property is re-let.

The assumption is that rents are taken to include all charges associated with the occupation of a property, such as maintenance and general housing management services. Service charges usually reflect additional services which may be connected with communal facilities rather than being particular to the occupation of the dwelling.

The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord in connection with the matters for which the service charge is payable. For this purpose:

- 'Costs' includes overheads; and
- Costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Hawes Street Housing will seek to limit service charge increases as much as possible (ideally no more than CPI+1%) and will ensure that, where service charges are payable, residents will be given a clear breakdown of what services are covered by the charge.

The range of services provided depends upon the nature of each particular property. Tenants will only be charged for the services they receive. Tenants cannot opt out of any service provision or charge. Any offers of accommodation will clearly identify charges attached to the property and the amounts involved.

### **Rechargeable Repairs**

Charges in relation to rechargeable repairs will be levied in line with Hawes Street Housings Rechargeable Repairs Policy.

For current tenants a separate charge will be raised as a sundry debt and the resident will be invoiced.

Every effort will be made to obtain payment up front or in instalments. For former tenants a charge will be raised via the sundry debtor system and the former tenant invoiced at the last known address.

### **Equality and Diversity**

Hawes Street Housing are committed to fairness and equality for all regardless of their colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, age, religion or belief, family circumstances or offending history, as referred to in our accompanying policies. Our aim is to ensure that our policies and procedures do not create an unfair disadvantage for anyone, either directly or indirectly.

Hawes Street Housing aims to meet the needs of its residents by providing an excellent service. However, occasionally things may go wrong and residents may wish to complain. Should the need arise to make a complaint, please refer to our Complaints Policy.

## **Responsibilities**

The board is responsible for approving the annual rent increase and can agree any exemptions to increases in both rent and service charges based on market conditions or specific circumstances.

The Company Secretary is responsible for the monitoring and review of this policy.

The Hawes Street Housing Operations Manager is responsible for ensuring the implementation of this policy and supporting procedures for the maintenance of all necessary records on the CRM system to enable the compilation of regular reports on performance and for the monitoring of performance.

The Housing Officer of Hawes Street Housing is responsible for the day-to-day management and oversight of this policy.

## **Legal and Regulatory Framework**

Hawes Street Housing will ensure that the Rent Setting Policy meets with legislative and good practice requirements to maximise income and minimise rent arrears. This will include the following:

- Limits on Annual Rent Increases Guidance (December 2024)
- Policy statement on Rents for Social Housing (December 2022)
- Social Housing Rents (Exceptions & Miscellaneous Provisions) Regulations 2016
- Landlord and Tenant Act 1985
- The Housing Act 1985 as amended
- Housing Act 1996 as amended
- Data Protection Act 2018 and the General Data Protection Regulation 2018
- Housing and Regeneration Act 2008
- Equalities Act 2010
- The Regulatory Framework for Social Housing in England (April 2017)
- Welfare Reform Act 2016
- Housing and Planning Act 2016
- Rent Standard 2013

## **Associated Policies**

- Rechargeable Repairs Policy
- Complaints Policy
- Equality, Diversity and Inclusion Policy
- Service Charge and Sinking Fund Policy

## **Policy Details and Definitions**

### **Tenants and Landlord's responsibilities**

The term 'tenant' includes sole and any multiple tenants.

If two or more people have signed the Tenancy Agreement, they are jointly and severally liable for the payment of rent. This means that each person is fully responsible for the payment of rent and any arrears of rent; Hawes Street Housing will not apportion the debt.

Tenants have an obligation under the terms and conditions of their Tenancy Agreement to pay rent when it is due. Tenants have a responsibility to notify Hawes Street Housing of any change that may affect their ability to make payments.

Tenants are requested to set up a direct debit or standing order for the rent payment at sign-up as this is the most efficient payment method.

At the tenancy sign-up, Hawes Street Housing will make available a copy of the relevant accompanying policies which outline the procedures taken and what the consequences are for not paying rent.

The obligation to pay rent and/or service charge applies throughout the whole of the period of the tenancy, including any period where tenants are away from the property.