



Rent Policy

Approved 29.05.2015

Revised 20.07.16, 19.07.17, 25.07.18, 22.07.20

Reviewed and amendments approved by the G&C Committee 07.09.22

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Introduction

Funding Affordable Homes Housing Association (FAHHA) will comply with the Regulatory Framework for Social Housing in England (April 2015), including, the Rent Standard Guidance as updated in the Rent Standard (April 2020) and the provisions of the Welfare Reform and Work Act 2016 when determining its rents. The rent setting policy is used for:

- setting rents for new units to be let to tenants;
- setting rents for relets to be let to tenants
- setting annual rent increases.

Rent Setting Policy

The Rent Standard requires that RPs shall charge rents in accordance with the objectives and framework set out in the Government's Policy Statement on Rents for Social Housing issued to the Regulator in February 2019 and in line with the Welfare Reform and Work Act 2016. This can be paraphrased as follows:

- Permission to apply annual rent increases on both social rent and affordable rent properties of up to CPI plus 1 percentage point from 1 April 2020, for a period of at least five years;
- The rent standard applies to all registered providers – i.e. to both local authority registered providers and private registered providers.

Social Rents

Social rents will be set in accordance with the Formula Rent calculation within the Regulator for Social Housing's (RSH) Rent Standard 2020 (updated November 2021) as it references the Government's Policy Statement on Rents for Social Housing which takes into account: location, bedroom weighting, value and average earnings.

Affordable Rents

Affordable Rents can only be charged where a delivery agreement for new supply of social housing has been agreed under a new supply agreement (which permits the charging of an Affordable rent) between a RP and:

- Homes England or the Greater London Authority
- a local authority and the Secretary of State
- a local authority and the Secretary of State, and Homes England or the Greater London Authority.

Rents at all new developments will be set in agreement with the Local Authority partner and regulatory requirements. Affordable Rents (inclusive of service charges) will be set at no more than 80% of the estimated market rent (inclusive of service charges). FAHHA will use a valuation method that is in accordance with a method recognised by the Royal Institution of Chartered Surveyors to determine the market rent unless otherwise specified in a local or s106 agreement.

Rents for Social Tenants on High Incomes

The DLUHC (Department for Levelling Up, Housing and Communities) guidance provides the ability for registered providers to charge higher rents for social tenants on high incomes. The Policy Statement on Rents for Social Housing 2019 includes guidance for charging higher rents to social tenants where the two highest earners have an annual household income of more than £60,000. FAHHA will agree individual arrangements with its local housing management providers – usually this will be to apply the same approach to this guidance as the local provider.

Shared Ownership Rents

For a shared ownership property that has any form of public subsidy the annual rent is calculated as 2.75% of the unpurchased equity. Unless specific local circumstances require a different approach FAHHA will apply the same formula to all its shared ownership homes.

Local Housing Allowance (“LHA”) cap

Following government consultation on its proposals for the future funding of supported housing, the government announced in October 2017 that the LHA cap on Housing Benefit would not apply to supported housing, nor to the wider social housing sector.

Independent Living Rents

FAHHA has a small number of vulnerable tenants with mental, sensory and physical needs living in accommodation classified as Specialised Supported Housing. Specialised Supported Housing rents do not fall within the rent-setting formulas set by the Rent Standard 2020 nor its annual rent increase requirements. In setting and increasing such rents however FAHHA will keep the requirements of the Rent Standard in mind for guidance in ensuring its Independent Living rents are equitable and viable.

Tenancies

FAHHA’s preference is to offer fixed term Assured Shorthold Tenancies. The only exception would be in respect of Independent Living accommodation. All new tenancies, except in Independent Living properties, will be for a minimum of three years, the length being determined by assessing what is appropriate to the tenant. There will be a probationary period of between six to 12 months. After the probation period the tenancy will be reviewed to determine if it has been satisfactorily maintained. This policy will maximise the use of the asset as tenants’ progress in employment and supports the objective of delivering a sustainable community.

In Independent Living properties, FAHHA will offer one year fixed term Assured Shorthold Tenancies due to the often rapidly changing needs of the vulnerable individuals in such accommodation. In a few cases, the rate of change may be even quicker with individuals needing to be supported to move to properties that better suit their changing circumstances. The local authority and/or the care provider for such individuals may therefore request that licences should be offered to the residents instead. In such cases, FAHHA, with due consideration, will offer licences.

Vulnerable Tenants

In most instances, the responsibility for direct collection of rent and service charges from tenants and Housing Benefit departments would lie with our partner housing associations who would have their own policies relating to vulnerable tenants. FAHHA vulnerable tenants include, but are not limited to, tenants who have a physical or mental impairment or learning disability which directly or indirectly affects their ability to manage their own affairs without support. Where FAHHA has direct relationship with such tenants, FAHHA will work with care providers and local authority Housing Benefit departments to ensure rent issues and, in particular, rent collection causes the tenant the least possible distress.

Local Housing Association variations

Where FAHHA enters into a management agreement with a local housing association this will generally include the use of the local housing association’s tenancy agreement (subject to review by FAHHA). If any of the terms of this rent policy conflict with the local tenancy agreement it will be the local agreement that takes precedence subject to conforming with RSH guidelines.

Appeals

Any tenant who feels that their rent has not been set in accordance with the policy can appeal using the complaints procedure.