

Rent Setting Policy

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1. Purpose

To set out the Associations' approach to setting rents for general needs, supported and sheltered housing, market rented accommodation, shared ownership homes, commercial and office lettings, garages, parking bays, and guest and communal rooms in sheltered housing schemes.

This policy supports the Associations' overarching plans and strategies to deliver quality services and ensure accessibility to these services for all the Associations' customers.

The policy aims to maximise the Associations' rent income. In doing so, the Association will adhere to the conditions of the Housing Corporation's Rent Influencing Regime.

In pursuit of this aim, the Associations will apply the discretionary 5% capped increase on the target rent for general needs housing and the discretionary 10% increase on the target rents for supported and sheltered housing.

Within the prescribed tolerance for rent increases/decreases the Associations will aim to achieve target rents as quickly as possible where the rent is below the target rent. Where the rent is above the target rent the Associations will reduce the rent incrementally to 2012 for general needs housing and 2013 for supported and sheltered housing.

2. Legislation, Regulatory and Good Practice Requirements

This policy takes account of, and complies with, the Assured Rent System, introduced by the Housing Act 1989, and the Housing Corporation's Rent Influencing Regime which came into effect for general needs housing on 1 April 2002 and for supported and sheltered housing on 1 April 2003.

This policy takes account of the Housing Corporation Regulatory Code and Guidance. The Regulatory Code states that housing associations must set rents which move towards target social rents and are, on average, below those in the private sector for similar properties and which reflect size, property value and local earnings. The regulatory Guidance expects properly managed associations to set rents in accordance with the rent restructuring formula and that all residents have information about their landlord's rent policy and rent levels across the association's stock and in the relevant local authority area with all residents having information about their service charges including costs that their charges cover, how charges are budgeted and

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increases calculated.

This policy also takes account of; Housing Corporation Circular 27/01 Rent influencing regime – Implementing the rent restructuring framework; Housing Corporation Circular 30/01 Rent influencing regime – Supplemental guidance for implementing the rent restructuring framework; and Housing Corporation Circular 02/02 Rent influencing regime – Guidance on the valuation of supported housing.

3. Rent setting policy

3.1 General Needs and Sheltered Housing

The Associations will set their annual rent increases for general needs, supported and sheltered housing in January/February each year.

Residents will be given a minimum of 28 days' notice of any such rent increase.

Rent increases will take effect from the first Monday in April each year.

In calculating the annual rent increase, the Association will use the Retail Price Index (RPI) for the preceding September, plus ½%.

In converging towards target rents the Association will not amend rents by more than RPI + ½%, plus or minus £2.00 p.w.

3.2 Re-let Properties

SHA properties will be re-let at the following financial year's restructured rent, i.e. if a property is re-let on 7 January 2008, it would be re-let at the restructured rent applicable from 6 April 2009. This is to overcome the difficulty that is created by the restriction on rent increases within one year of a tenancy commencing, or since the last increase.

SCP properties will be relet according to the current financial year's restructured rent, except for lettings between January and March when the following financial year's restructured rent will be applied. This is to recognise the higher turnover of tenants within supported housing.

3.3 New Properties

New properties are let at the target rent on the rent plan for a comparable sized property in the area.

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For SHA properties will be let at the following year's restructured rent. This is to overcome the difficulties described in Section 3.2. For the reasons explained in Section 3.2 this does not apply to SCP.

3.4 Payment Frequency

Rent is normally due on Monday. SHA and SCP operate a 48 week year for the vast majority of their tenancies. The Housing Corporation's Rent Influencing Regime calculates rents over 52 weeks. SHA and SCP's target rents have been adjusted to take this into account.

3.5 Improvements

If a major improvement, such as an extension or full modernisation, is undertaken to a property by an Association, then the property will be revalued to determine a new target rent.

3.6 Limitations on Rent Levels

The Housing Corporation has set maximum levels of rent according to property size. For 2008/09 these are:

	£p.w.
6 or more bedrooms	£147.23
5 bedrooms	£140.53
4 bedrooms	£133.85
3 bedrooms	£127.16
2 bedrooms	£120.46
1 bedroom/bedsit	£113.78

These limits will increase each year at the RPI plus 1%.

3.7 Other properties not covered by the Rent Influencing Regime

3.7.1 Market Rented

Each time a property becomes void the rent will be reviewed and set in accordance with local market conditions.

3.7.2 Shared Ownership

The rent will be increased annually in accordance with the terms of each lease.

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3.7.3 Commercial and Office Properties

The rent will be increased annually in accordance with the terms of each lease.

3.7.4 Temporary and Respite Accommodation

Although these properties are excluded from the Rent Influencing Regime, rents are increased annually using the same principles as if they were included in the regime.

3.7.5 Properties Purchased solely with Private Finance

Although these properties are excluded from the Rent Influencing Regime, rents are increased annually using the same principles as if they were included in the regime.

3.7.6 Garages and Parking Bays

The rent will be reviewed annually and set in accordance with local market conditions.

3.7.7 Guest and Communal Rooms in Sheltered Housing Schemes

The rent will be reviewed annually and set in accordance with local market conditions.

3.8 Service Charges

The Housing Corporation expects Associations to endeavour to keep increases in housing benefit eligible service charges to no more than the guidance limit.

All SCP tenancies and licences have variable service charges which are reviewed annually between October and December with the revised level payable from the following April. The review compares actual costs to those on which the service charge was calculated and an adjustment is made for the following year to ensure that actual expenditure is collected from the service charges payable.

Some SHA tenancies have variable service charges that are dealt with in the same way.

The majority of SHA tenancies have fixed service charges that are part of their gross rent and are not separately identified. These are increased annually as part of the overall rent increase in accordance with the Rent

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Influencing Regime.

SHA are in the process of introducing variable service charges for new tenancies in sheltered and general needs housing during 2008/09.

If, following consultation, residents wish extra services to be provided, these services will be charged for in full, even if this results in the service charge increase exceeding the RPI + ½% guideline.

3.9 Consultation

The Associations will consult the Residents' Forum on proposed rent increases. Each year the Associations will provide residents with information on how our rents compare with other Housing Associations in the areas we operate.

3.10 Review Date

This policy will be reviewed each year in January/February.

3.11 Procedures

The Associations have rent restructuring plans for achieving rent convergence for general needs housing by 2012 and for supported and sheltered housing by 2013.

The plans are reviewed annually as part of the budget setting process. Procedures are in place to support rent setting.

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