

Rent Setting Policy



Our Viability

Warrington Housing Association

RENT SETTING POLICY

INTRODUCTION

Warrington Housing Association is committed to the provision of social housing at rents which are affordable to our customers. This policy seeks to strike a balance between affordability for current and future tenants whilst maintaining the Association's financial viability. The policy must also comply with the legislative and regulatory requirements for registered providers.

SCOPE

This policy covers rent setting and rent review arrangements for all properties and all tenures at Warrington Housing Association and its subsidiaries and is relevant to all tenancies where a rent is charged.

This policy should also be read in conjunction with a range of other policies and procedures. This includes, but is not limited to:

- WHA 0042 – Income Management Policy
- WHA 0406 – Service Charges Policy
- WHA 0586 – Tenancy Policy

LEGISLATIVE & REGULATORY FRAMEWORK

The policy must comply with the requirements of the following:

- Housing Act 1988
- Housing Act 1985
- The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Welfare Reform and Work Act 2016
- Ministry of Housing, Communities and Local Government – Policy Statement on rents for social housing February 2019
- Regulator of Social Housing – Rent Standard April 2020
- Any subsequent Policy Statement and Standard issued by Government / Regulator of Social Housing in intervening periods.

SOCIAL RENT

As set out in The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016, Social Rents are set with reference to a formula using data from January 1999, known as the Formula Rent.

The formula used is:

- 70% of the average rent for the Housing Association sector
- Multiplied by relative county earnings

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- Multiplied by the bedroom weighting Plus:
- 30% of the average rent for the Housing Association sector
- Multiplied by the relative property value.

All tenancies which are charged formula rent and are included under the provisions of the Rent Standard 2020 will have their Formula Rent changed in line with the prevailing Direction from Government or Regulatory Standard on rents issued by the Regulator of Social Housing.

WHA have chosen to group their rents into three categories based on value:

- Budget / Standard / Premium.

FAIR RENT

Secure tenancies are subject to the Fair Rent regime, which applies to tenancies that predate 15th January 1989. WHA has a small number of tenancies subject to this legislation.

These rents are reviewed by the Rent Officer Service every two years and WHA are legally bound to accept the registered fair rent that is set. If the registered fair rent is higher than our formula rent, we charge the lower of the two figures.

SHARED OWNERSHIP

Shared ownership rents are initially set as a percentage (2.75%) of the unsold equity in the property.

Rents are governed by the terms of the individual lease agreements and are increased annually in April by RPI plus 0.5%.

AFFORDABLE RENT

Affordable Rents can only be used in conjunction with a housing supply delivery agreement with Homes England (previously the Homes and Communities Agency) and are used to secure a greater revenue stream to invest in new housing.

Affordable Rents are regulated by the Rent Standard and can be set at up to 80% of the market rate, inclusive of service charges.

The market rate may vary for each type of property, scheme and area and WHA will charge 80% of the equivalent market rate for the property, as determined by a valuation of gross market rent in accordance with a RICS recognised method, giving due consideration to capping at the Local Housing Allowance (LHA).

Affordable Rent properties are subject to the same rent review as Social Rents and will have their rent changed in line with prevailing Direction from Government or Regulatory Standard on rents issued by the Regulator of Social Housing.

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The rent can be rebased, using a new market valuation, upon relet or renewal of tenancy to ensure that it continues to reflect the market.

INTERMEDIATE RENT

Intermediate Rents are higher than Formula Rents but less than the market rate, inclusive of service charges. They are unregulated and are not traditional social housing. WHA will charge Intermediate Rents for agreed property acquisitions and new builds.

Intermediate Rents are set in relation to market rates similarly to Affordable Rents, but are not limited to the maximum 80% market factor.

WHA will charge 80% of the equivalent market rate for the property, as determined by a valuation of gross market rent in accordance with a RICS recognised method.

Intermediate Rents will be reviewed annually, as set out in the tenancy agreement.

The rent can be rebased, using a new market valuation, upon relet or renewal of tenancy to ensure that it continues to reflect the market.

MARKET RENT

Market Rents are assessed according to the individual property, scheme and area and reflect rents charged in the private rented sector for a similar property. They are inclusive of service charges. Market Rents are unregulated and cannot, by definition, constitute social housing.

WHA will charge a Market Rent as determined by a valuation of gross market rent in accordance with a RICS recognised method for agreed property acquisitions and new builds.

The rent can be increased once in every 12 month period which begins on the anniversary of the start of the Tenancy and can take effect at any time within each 12 month period.

The rent can be rebased, using a new market valuation, upon relet or renewal of tenancy and depending on the tenancy agreement may include an annual review on the anniversary of the start of the tenancy to ensure that it continues to reflect the market.

LEASEHOLD SCHEMES FOR THE ELDERLY (LSE)

There is no provision to charge rent on the remaining unsold equity in WHA's LSE properties, only service charges.

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GARAGE RENTS

Garage rents are reviewed annually in April with reference to the previous September's CPI and at the discretion of the Director of Operations.

CUSTOMER SERVICE

Rents will be communicated to our customers in accordance with the legal requirements and as clearly as possible. Information will be provided at the time of letting with details of who to contact in case of queries and what to do if tenants experience difficulties in paying their rent. Information is also provided on our website.

EQUALITY & DIVERSITY

An equality impact assessment was conducted in respect of this policy and was found to have no adverse or differential impacts on any group or individual with protected characteristics.

REVIEW AND MONITORING

This policy will be reviewed annually and may be subject to more frequent revision in case of regulatory or legislative change.

The Director of Operations is responsible for the review of this policy and the Director of Resources for the effective implementation.

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