



Rent Policy

Purpose	This policy sets out our approach to the setting of rent
Owner	Head of Finance
Related documents	See s.6
Approved by	Shadow Board
Date approved	June 2020
Performance Monitoring	The outcomes of this policy are monitored via internal procedural and process controls, hierarchal sign off and the internal audit regime.
Review frequency	Bi-annually or when there is changes in legislation that may impact the contents of the policy
Last review	June 2020
Next review	June 2022
Version	V1.2020
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1. POLICY STATEMENT

- 1.1 This policy sets out our approach to the setting of rent.
- 1.2 We aim to set rents for our tenants in a fair and consistent way. We will do this in accordance with the appropriate legislation, the regulatory framework, the terms of tenancy agreements and with the regulators expectations and industry best practice in mind.
- 1.3 This will enable us to manage and maintain our properties well and to invest in new housing and other community amenities in accordance with our objectives and the aspirations of our tenants.

2. SCOPE

- 2.1 This policy provides guidance on the principles by which rents are set and ensures that those who are affected by the policy are identified, considered and consulted.
- 2.2 The policy is drafted in compliance with the applicable legislation, regulations and guidance, including but not limited to, the documents listed in s.6. Where these are silent or there is uncertainty, we will rely on legal advice and the current advice issued by statutory bodies.
- 2.3 The policy assumes that all contractual obligations with regard to tenancy agreements will be fulfilled but does not identify specific terms of these documents within the content of the policy unless it is appropriate to do so.

3. PRINCIPLES

- 3.1 We aim to ensure that our rent policy is clear and transparent for our customers.
- 3.2 **Rent**
 - 3.2.1 Rent is the regular payment received by us from a tenant for the use of our property.
 - 3.2.2 Properties are classified into different categories and it is this category that determines the method of rent calculation.
 - 3.2.3 The categorisation of properties is in the first instance, a matter of legality, secondly as required or agreed with the Regulator and thereon, as agreed through an internal approval process.
 - 3.2.4 Rents are reviewed annually with increases/decreases applied in April each year or in accordance with the tenancy or lease agreement. The proposed changes to rent are reviewed by the resident committee before presentation and approval by the Board.

4. AIMS AND OUTCOMES

4.1.1 In setting our rent, our intention is that they are fair and consistent across all tenure types, whilst acting in accordance with the terms of the tenancy agreements and applicable laws and regulations. This means that there will be variations in the basis of calculation for rents dependent on contractual obligations and categorisation of the properties. In addition, we will also make specific provision in this policy to address areas not driven by the legal position.

4.1.2 Where variations in tenancy agreements exist, and given due regard to our legal and ethical obligations, we will, in the future seek to harmonize agreements enabling a consistent approach in our charging mechanisms.

4.2 Rents

4.2.1 Rent charges are set in accordance with the terms of the tenancy agreement or lease.

4.3 Formula Rents

4.3.1 Formula rents are set for all properties in accordance with the requirements of the Regulator's Rent Standard.

4.3.2 Temporary rent is set based on formula rent and applies to properties that are let on licence

4.3.3 Where the formula rent is below formula level, it will remain unchanged until the property is re-let. On re-let or change of tenancy the property will be re-let at formula rent.

4.3.4 No rents will normally be set above the formula level, although the Regulator does permit a 5% tolerance (10% for supported housing) when rent setting. The Board reserves the right to use this tolerance where it deems it appropriate to do so.

4.3.5 Where properties are subject to extension or structural works, and this results in additional or reduced number of bedrooms, we will recalculate the formula rent based on the number of bedrooms and the revised property valuation.

4.3.6 Where the actual rent was less than the formula rent prior to the works in 4.3.5, then the same percentage differential will apply to any increase.

4.3.7 Properties may be converted from formula rent to affordable rent by agreement with the Regulator.

4.4 Affordable and Intermediate Rents

- 4.4.1 Affordable and intermediate rents are based on a percentage of the market rent for those properties as determined by the Regulator in the applicable “Direction on the Rent Standard”, and subject to the Local Housing Allowance for each property.
- 4.4.2 Affordable rents will be inclusive of any applicable service charges for the property, and intermediate rents will be exclusive of any applicable service charges.
- 4.4.3 In order to meet regulatory requirements, properties acquired under a Mortgage Rescue Arrangement, and a proportion of those properties built or acquired under a s.106 arrangement, will be subject to an intermediate rent or affordable rent.

4.5 Shared Ownership Rents

- 4.5.1 The rent for shared ownership properties is determined by the lease of each property.
- 4.5.2 Where the shared ownership property was part of the stock transfer from Braintree District Council, rents are based on formula rents, reduced proportionately by the equity retained by Eastlight and then further by 20% to reflect the maintenance responsibilities of the tenant. When these properties are sold or transferred to new owners, the tenancy agreement may be amended to calculated rent in accordance with 4.5.3 below.
- 4.5.3 Where shared ownership properties are not part of the stock transfer in 4.5.2 above, the annual rent is in accordance with the lease.
- 4.5.4 The rent of all shared ownership properties, regardless of the method of determination, are based in accordance with the RPI stated in their lease and will be reviewed annually.

4.6 Private Sector Leases

- 4.6.1 Private Sector Leased rents are set with reference to market rents and the local housing allowances regulations that apply in the local housing allowance area where the property is located.
- 4.6.2 Rents are reviewed on the anniversary date of the commencement of the lease.

4.7 Fair Rents

4.7.1 There are a limited number of Secure Tenancies that are subject to Rent Registration and come under the Fair Rent regime. A fair rent is registered with the Valuation Office every 2 years, based on comparable rents in the local area. Service charges are levied in addition to rent.

4.7.2 Eastlight will limit the annual increase in rent to the principles set out in the Rent Standard 2020 until the rent reaches the level prescribed by the Valuation Office.

5. DEFINITIONS

Regulator Regulator of Social Housing

6. STATUTORY AND REGULATORY REQUIREMENTS

Housing Acts 1980, 1985, 1988 1996 and 2015

Direction on the Rent Standard 2019

Regulator of Social Housing Rent Standard 2020

Commonhold and Leasehold Reform Act 2002

A Guide for Housing Associations

Social Housing's Regulatory Framework

Welfare Reform & Work Act 2016

Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 (as amended in 2017)

Landlord & Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002)

7. REVIEW

Two years from the anniversary date of the latest review, or where changes there are revisions to Government policy that impact the content of this policy.

8. DATE OF POLICY

June 2020