



# RENT SETTING POLICY

Originator:	Policy and Strategy Team
Approval date:	15 <sup>th</sup> February 2024
Review date:	February 2025

1	Introduction
1.1	Pine Court Housing Association (PCHA) is committed to providing quality homes and housing management services in the communities in which it operates. To achieve these aims PCHA sets rents in line with the government guidelines whilst ensuring it remains viable and can achieve its business plan commitments.
1.2	<p>This Policy sets out the mechanisms by which PCHA calculates rents on an annual basis, in line with the prescribed government rent setting formula (where this applies), so that it is transparent and easily understood and ensures compliance with the outcomes of the Regulatory Framework for Social Housing in England, adopted by the Regulator for Social Housing (RSH) as outlined below:</p> <p style="text-align: center;">Registered providers must set rents from 1 April 2020 in accordance with the Government’s Policy Statement on Rents for Social Housing 2022 (hereafter Rent Policy Statement) which can be found on the Department For Levelling Up, Housing and Communities : <a href="https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020">https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020</a></p>
1.3	<b>Access and Communication</b>
1.3.1	PCHA is committed to ensuring that our services are accessible to everyone. PCHA will seek alternative methods of access and service delivery where barriers, perceived or real may exist, that may make it difficult for people to work for PCHA or use its services.
1.3.2	Working with our customers we have established a Vulnerable Persons and Reasonable Adjustments Policy to ensure we make best use of every customer interaction to meet customers’ needs in our service delivery and ensure this information is kept up to date.
1.4	<b>Equality, Diversity and Human Rights</b>
1.4.1	PCHA is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out its duty with positive regard for the following core strands of equality; Age, Disability, Gender, Race, Gender Identity

<p>1.4.2</p> <p>1.4.3</p> <p>1.5</p>	<p>/ Gender Expression, Sexual Orientation and Religion and/or Belief, Civil Partnership and Marriage, Pregnancy and Maternity.</p> <p>PCHA also recognises that some people experience disadvantage due to their socio-economic circumstances, employment status, class, appearance, responsibility for dependants, unrelated criminal activities, being HIV positive or with AIDS, or any other matter which causes a person to be treated with injustice.</p> <p>PCHA will also ensure that all services and actions are delivered within the context of current Human Rights legislation. PCHA will endeavour to ensure its staff and others with whom it chooses to work with, will adhere to the central principles of the Human Rights Act (1998).</p> <p>This Policy should be read in conjunction with:</p> <ul style="list-style-type: none"> <li>PCHA Rent Repayment and Arrears Recovery Policy</li> <li>PCHA Service Charge Policy</li> <li>PCHA Tenancy Policy</li> <li>PCHA Tenancy Transfer and Mutual Exchange and Succession Policy</li> </ul>
<p><b>2</b></p>	<p><b>Statement of intent</b></p>
<p>2.1</p> <p>2.2</p> <p>2.3</p> <p>2.4</p> <p>2.5</p> <p>2.6</p> <p>2.7</p>	<p>In setting rents, PCHA will secure rental income to meet its business plan commitments including; operating costs, investment / improvement programmes (subject to performance, wider economic factors and tenant consultation) and meet the loan repayment requirements of its lenders.</p> <p>Where applicable, PCHA will ensure rents are set in line with formulae developed by Government for the social housing sector and approved by the Regulator for Social Housing (RSH), within the Rent Standard of the Regulatory Framework.</p> <p>PCHA will also set rents in accordance with the most up-to-date guidance produced by the Ministry of Housing, Communities and Local Government now the Department for Levelling up, Housing and Communities (DLUHC) (Capital Funding Guide) where this applies to properties part-funded through one of the Homes England Affordable Homes programmes.</p> <p>PCHA will inform its tenants of how the rent has been set in the annual rent notification letter and via information available on its website.</p> <p>PCHA's Board will review and approve any changes to rent setting on an annual basis. All decisions made by the Board are recorded and available to interested parties on request (subject to any confidential or commercially sensitive information being removed).</p> <p>PCHA will set rents in line with the government requirements to ensure they are broadly comparable with other housing providers local to its areas of operation and are affordable to existing and potential customers.</p> <p>PCHA will inform all new and existing tenants of the potential impacts of any welfare reform measures, including those already introduced and any scheduled, on their income and rent payment liabilities.</p>

**3****Policy**

3.1 The Rent Setting Policy and the rental structure this produces will be approved by the PCHA's Board.

3.1.1 PCHA will review the rents it sets on an annual basis and will enact any changes to rent charges on the first Monday in April each year. PCHA will inform all customers in writing of any changes to their rent, giving a minimum of 1 calendar months' notice before the changes come into effect, outlining how the rent has been calculated.

3.1.2 For 2024-25 PCHA rent increases will take effect on the following dates for its range of rental products (unless specific individual arrangements apply, in which case customers will be informed in writing of the date of rent increases):

Type of rental product	Date rent increase will be effective from
Social Rent, Affordable Rent and Fair Rent	1 <sup>st</sup> April 2024
Rent-to-Buy	1 <sup>st</sup> April 2024

3.1.3 PCHA is committed to meeting the requirements of ensuring a fair method of calculating social rents based on:

- The condition and location of properties
- Local earnings (to take account of affordability) and,
- Property size and valuations

3.1.4 In line with the RSH's regulatory standard, PCHA will exempt the following categories from social rent and the Rent Standard:

- Rent-to-Buy

3.1.5 In line with the 'Direction on the Rent Standard 2022' first issued by the Ministry of Housing, Communities and Local Government (MHCLG) – now the Department for Levelling up, Housing and Communities (DLUHC) to the Regulator of Social Housing (RSH), from the first Monday in April 2020 (and subsequently thereafter on the first Monday in April each year until a new Direction is issued), PCHA will increase rents for its Social Rent properties, by a maximum of:

- Consumer Price Index - CPI (as at September the previous year) plus 1% point

3.1.6 In line with the 'Policy statement on rents for social housing' (DLUHC) for rent periods that begin in the 12 months from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025, the CPI plus 1 percentage point limit on annual rent increases is replaced by a 7.7% 'ceiling' (exclusive of supported housing – as defined in the DLUHC Rent Policy Statement for Social Housing). This means that, in that year, PCHA may increase rents by up to 7.7% on Social, Affordable and Fair Rent properties, for existing tenants.

3.1.7 PCHA may in agreement with its Board set rents below the maximum permissible amount where it considers this would create affordability issues for customers and may limit increases for certain property types that may be subject to higher-than-average service charges .e.g. Independent Living Retirement Living Schemes.

- 3.1.8 When calculating rent increases the average rent for the final year of the 1% rent reduction period i.e. 2019/20 will be used a baseline figure, unless the property has been re-let during this period in which case the average weekly rent from the time of re-letting will be used.
- 3.1.9 From 2020 onwards, PCHA Social Rents will be increased every subsequent year on the first Monday in April as outlined in 3.1.2, for a period of at least five years, unless otherwise instructed by a change in government policy and subsequent direction on the Rent Standard.
- 3.1.10 The formula rent increases will apply to PCHA general needs and independent living tenancies and will not exceed the Rent Cap that imposes upper rent limits that can be applied to a property based on its size (number of bedrooms), where the Rent Cap is subject to annual uplift of CPI plus 1.5%.
- 3.1.11 PCHA will set rents for any new Social Rent Property it develops or acquires using the 'Formula Rent' – as determined by DLUHC, using the following calculation:
- 70% of national average rent, multiplied by relative County earnings, multiplied by the bedroom weight, plus 30% of national average rent, multiplied by the relative property value (where the 'national average' is taken from a base year of 1999 and uplifts for each subsequent year are applied)
- 3.2 **Rent Flexibility**
- 3.2.1 In line with the DLUHC Policy Statement PCHA reserve the right to increase rents above Formula Rent levels by an additional 5% on general needs properties and an additional 10% on independent living properties to take into account local circumstances and any additional costs of investment.
- 3.2.2 Decisions to apply discretionary rent increases for the rent period covered by this Policy have been subject to Board approval.
- 3.2.3 Where PCHA tenants intend to move between general needs and independent living properties or vice versa they will be informed beforehand of any changes in rent that will apply.
- 3.2.4 PCHA also reserves the right to increase the rent payable on properties to bring them up to Formula Rent if they are not already at this level on re-let of tenancy (Note - this can occur outside of the annual rent setting process as set out above in 3.2).
- 3.3 **Affordable Rents**
- 3.3.1 PCHA will let Affordable Rent properties for a minimum fixed-term period of 5 years renewable or on long term periodic assured tenancies (according to any conditions of grant that are stipulated by Homes England). When Affordable Rent Properties are available for rent, PCHA will make it known to prospective tenants the term and type of tenancy that will be offered.
- 3.3.2 On all new build Affordable Rent properties PCHA reserve the right to set rent levels over 48 and 52 weeks (depending on locality and local authority area).

<p>3.3.3</p> <p>3.3.4</p> <p>3.3.5</p> <p>3.3.6</p> <p>3.3.7</p> <p>3.4</p> <p>3.4.1</p> <p>3.4.2</p> <p>3.4.3</p>	<p>PCHA will let Affordable Rent properties (for a minimum fixed-term period of 5 years renewable) or on long term periodic tenancies. Where PCHA develop new build properties for Affordable Rent and on completion of schemes, RICs Red Book Valuations will be obtained to confirm the market rent. PCHA will set initial rents at 80% of the gross market rents, taking into account property size, location and characteristics of the property.</p> <p>PCHA may limit Affordable Rents to the maximum level of the Local Housing Allowance (LHA) Rate, however, where not restricted by any S106 requirements PCHA reserves the right to set rents above the LHA rate.</p> <p>Annual Affordable Rent increases will be a maximum of CPI plus 1% point as outlined in 3.1.5 and 3.1.6 and will also be no lower than could be charged on a similar social rented property.</p> <p>Where an Affordable Rent tenancy is to be re-let, PCHA will get a new valuation unless valuation on similar properties is less than 12 months old, to assess the Market Rent valuation. The revised affordable gross rent will be charged at up to 80% of the market rent.</p> <p>According to the terms of funding arrangements agreed with Homes England, PCHA may pursue the option to convert social rented properties on re-let to affordable rents in areas of its operations.</p> <p><b>Fair Rents</b></p> <p>PCHA manages a number of Regulated Tenancies on ‘Fair Rents’, which began before the 15<sup>th</sup> January 1989 provided they had no change in tenancy conditions. The tenancies are protected as long as the tenant lives in the property.</p> <p>When Regulated Tenancies become available for re-letting, they will be converted to social rents, except where an eligible succession occurs (where a tenancy is passed to family member, subject to certain qualification criteria – See PCHA Tenancy Transfer Policy for details), in which case the Regulated Tenancy will continue.</p> <p>Fair rents for Regulated Tenancies are set by the Rent Valuation Officer every two years on the anniversary of the tenancy. For Regulated Tenancies, PCHA will:</p> <ul style="list-style-type: none"> <li>• Look to phase in any large rent increases for ‘fair rent’ properties over a period of two years to prevent financial hardship for the tenants concerned</li> <li>• Carry out a comparative of social rents for similar sized properties in the same area and will not set rents higher for fair rent properties than the relevant social rate rent (Formula Rent) or any determination made by the Rent Valuation Officer</li> <li>• Review fair rents on an annual basis in accordance with calculation for Formula Rent as outlined in 3.1.5 and 3.1.6 above</li> </ul>
<p><b>4</b></p>	<p><b>Implementation</b></p>
<p>4.1</p>	<p>The PCHA Board have the ultimate responsibility for setting rents and PCHA Management Team has responsibility for reviewing the operational effectiveness of this Policy on annual basis.</p>

4.2	<p>The PCHA Operational Director has operational responsibility for the associated activities that underpin this Policy including:</p> <ul style="list-style-type: none"> <li>• Annual rent calculation and notification (in conjunction with the Finance Manager)</li> </ul>	
<b>5</b>	<b>Performance</b>	
5.1	<p>The performance of PCHA in setting rents annually and providing the appropriate notification to tenants of any changes to rent will be assessed by the RSH. Any failings in this area or performance on rent collection which affects the viability of PCHA may be subject to regulatory control measures.</p>	
5.2	<p>Performance on setting rents and sending appropriate notification will be reported to the PCHA Board and will also be subject of scrutiny by internal and external audit services.</p>	
<b>6</b>	<b>Consultation</b>	
6.1	<p>All PCHA staff and the Customer Empowerment Panel have been consulted on the development of this Policy.</p>	
6.2	<p>The Policy has also been subject to external legal advice in September 2022 and again in February 2024.</p>	
<b>7</b>	<b>Review</b>	
7.1	<p>The PCHA Rent Setting Policy will be reviewed every twelve months (from the date of PCHA Board approval). The review process will ensure its continuing suitability, adequacy and effectiveness or as required by the introduction of new legislation or regulation that impacts on PCHA's obligations in regard to rent setting, changes to PCHA business practices or in the light of management system audits.</p>	
<b>8</b>	<b>Equality Impact Assessment</b>	
8.1	<p>Was a full Equality Impact Assessment (EIA) required?</p>	<p>No</p>
8.2	<p>When was EIA conducted and by who?</p>	<p>An Equality Impact Assessment Relevance Test was undertaken by the Policy and Strategy Manager and the Operational Director-Finance in January 2024</p>
8.3	<p>Results of EIA</p>	<p>The Relevance Test revealed the risks associated with operation of the Policy largely impact on business viability, legal requirements and regulatory compliance. Operation of the Policy is not thought to have any differential or adverse impacts on individuals or groups with protected characteristics.</p>

<b>9</b>			
<b>Scheme of delegation</b>			
9.1	Responsible committee for approving and monitoring implementation of the Policy and any amendments to it	PCHA Board	
9.2	Responsible officer for formulating Policy and reporting to committee on its effective implementation	PCHA Director of Operations	
9.3	Responsible officer for formulating, reviewing and monitoring implementation of procedures	PCHA Director of Operations	
<b>10</b>			
<b>Amendment log</b>			
Date of revision:	Reason for revision:	Consultation record:	Record of amendments:
6 <sup>th</sup> September 2021	Reviewed in line with the Review Schedule	See Section 6	<ul style="list-style-type: none"> <li>There are no major revisions in this version of the Policy</li> </ul>
9 <sup>th</sup> February 2023	Reviewed in line with Government Guidance	See Section 6	<ul style="list-style-type: none"> <li>Number references changed throughout</li> <li>Reference to the 'Policy Statement on rents in social housing' updated to 2022 versions</li> <li>New clause inserted at 3.1.5 outlining 7% rent increase cap applicable to social, affordable and fair rents in 2023-24</li> <li>Details of DLUHC updated throughout</li> <li>EIA Relevance Test updated</li> </ul>
15 <sup>th</sup> February 2024	Reviewed in line with Government Guidance	See Section 6	<ul style="list-style-type: none"> <li>Policy updated throughout to reflect the DLUHC Policy Statement on Rents for Social Housing for the period 1st April 2024 – 31st March 2025</li> </ul>

			<ul style="list-style-type: none"><li>• Charge of wording at 3.3.4 and 3.3.6 to reflect current operational practice</li><li>• EIA Relevance Test updated at Section 8</li></ul>
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