

## 1. Introduction

This policy outlines out how Stafford and Rural Homes (SARH), as a Registered Provider of low cost rental social housing , sets its rents as defined by the Rent Standard Guidance dated April 2015, updated by the Welfare Reform and Work Act 2016. It will include details of the initial rent calculation and how this will be reviewed annually.

The Welfare Reform and Work Act 2016 prescribes rules about rents that can be charged by Registered Providers of social housing during the period 2016/17 to 2020/21. For this period rents for social housing are not covered by the Rent Standard.

The rents SARH charge cover the costs of managing and maintaining homes together with certain categories of repairs that are carried out in a cyclical programme (e.g. gas servicing) and major improvements carried out through long-term programmes to improve and modernise to homes (e.g. kitchen/bathroom replacement).

This policy meets the requirements of the Regulator, set out in the Rent Standard and Rent Standard Guidance that applies from April 2015, updated by the Welfare Reform and Work Act 2016. Information is available through the Homes and Communities Agency website [www.gov.uk/hca](http://www.gov.uk/hca).

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## 2. Policy objectives

That SARH charges rents in accordance with the Government's direction to the Regulator, the Rent Standard Guidance and the Welfare Reform and Work Act 2016.

SARH is committed to the following objectives in how rent is set.:

- To meet the obligations in setting rents (and service charges) as required by the Government's Direction to the Regulator (which may be subject to changes from time to time)
- To ensure that rents are affordable to people in housing need or in low paid employment in accordance with the company's charitable aims.
- To set rents that meet the needs of the company and ensure it continues to be financially viable in accordance with the needs of its Business Plan
- To allow homes to be maintained to a high standard of repair (to at least Decent Homes Standard) and provide high standards of service to its customers.
- To ensure that all customers are advised clearly at the start of their tenancy what their rent is (and any service charges that may also apply).
- That any change to rent is clearly communicated to customers.
- That as part of effective governance, the Board agrees any changes in rent on an annual basis.

- 3. Reference Documents including links** This policy links to a number of other SARH policies that help to establish the rent and service charge applied to each tenancy. The main policies linked to the Rent Setting Policy are:
- Lettings Policy
  - Service Charge Policy
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- 4. Legislative and Regulatory Requirements** SARH Rents are set in accordance with the Governments Rent Standard updated for the Welfare Reform and Work Act 2016.
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- 5. Responsibility** The Executive Director of Resources is responsible for the implementation of this policy.
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**Signed on behalf of SARH**

..... **Date .....Oct 2017.....**

### a. Social Rents

- All new social rented lettings, including a proportion of re-lets, will be set to achieve Social (Formula) Rent.
- Calculation of the Formula Rent is derived from a combination of:
  - Property values (as at January 1999)
  - Local earnings
  - Property size (number of bedrooms)
- Once Formula Rent has been calculated, registered providers have the flexibility to set rents at up to +5% tolerance in individual rents and +10% for Extra Care and Supported Housing.
- Rents subject to Formula Rent will be adjusted annually using the formulae prescribed by the current direction from the regulator. From April 2016 for a period of 4 years rents will decrease by 1%.

### b. Affordable Rents

- SARH do not currently convert properties formerly let as Social Rent to an Affordable Rent on change of tenant. New properties are let at either an Affordable Rent or Social Rent as applicable to the new build scheme.
- Affordable Rents will be calculated as per the Guidance from the Regulator. SARH will seek to rebase Affordable Rents up to 80% of market rent (inclusive of service charge) upon re-issue or re-let in accordance with any Delivery Agreement entered into with the Homes and Communities Agency.
- Rents subject to Affordable Rent will be adjusted annually using the formulae prescribed by the current direction from the regulator. From April 2016 for a period of 4 years rents will decrease by 1%.
- The allocation of properties to Affordable Rent will be made in accordance with the SARH business plan and its commitment to develop new homes.

### c. Exemptions

- Shared Ownership Rents.
  - Rents for Shared Ownership properties are not subject to the Regulator's Rent Standards and Rent Influencing Regime. The rent for shared ownership properties is based on a percentage of the unsold equity in the property.
  - Annual rent increases for shared ownership properties will be based upon contractual obligations set out in the lease agreement.
- Intermediate Rents.
  - SARH may choose to charge an Intermediate Rent for some properties where there is a business case to do so. To date this provision has been used for mortgage rescue.
  - Intermediate Rents are defined as social housing provided to tenants at rent levels which are above social rent levels and below market rent levels.
  - Whilst Intermediate Rents are not party to the requirements of the Rent Standard, the Guidance clearly specifies the expectation that rents remain affordable. Registered Providers are expected to limit rent increases to the levels of the Guideline limit. Typically rent levels set at no more than 80% of the comparative market level.

- SARH will seek to set Intermediate Rents in accordance with expectations outlined in the Rent Standard Guidance.
- Specialised Accommodation.
  - Specialised supported housing fitting certain criteria and developed in partnership with councils, local health or social services, offering a high level of support for clients, for whom the only alternative options are care homes is exempt from both the Rent Standard and the 1% rent cuts.
  - SARH supported housing stock includes North Court and Jubilee Court which both fall within the definition of specialised accommodation, on the basis that both schemes have 24/7 onsite care commissioned by the local authority.
  - SARH will seek to set Specialised Accommodation Rents in accordance with expectations outlined in the Rent Standard Guidance.

d. Communication

- Once approved by the Group Board the policy will be uploaded onto the SARH website.

e. Monitoring and Review

- The Policy will be reviewed every year, unless legislation or sector developments require an earlier review. This is to ensure that the policy continues to reflect best practice and meets the objectives of SARH.
- The Executive Director of Resources is responsible for the effective implementation of this policy and will ensure that:
  - The SARH Business Plan is informed by the implementation of this Rent Setting Policy
  - All the company's employees work within the bounds of this policy
  - SARH will keep proper records of all rents services and changes