

RENT POLICY

1.0 Background

1.1 CHS is committed to making sure rent levels for all homes provide value for money by delivering good quality services that you are happy with.

1.2 This policy covers rent setting for all CHS homes, except shared ownership and care homes which have separate policies.

1.3 The way CHS sets its rents is directed by the government's Regulator for Social Housing, which has set out a Rent Standard for 2020 - 2025. The Standard governs how we set the initial rent when you move into a new home, and how much it can change each year. CHS is allowed to increase rents by no more than the Consumer Price Index (CPI) based in September of the previous year (a measure of the rate of inflation), plus 1%.

2.0 Social Rent

2.1 Almost all of CHS homes built **before** September 2017 have a 'social rent' and the rules for setting these rents have been in place since 2002. Each home has a Formula Rent, which sets the maximum rent that can be charged (excluding service charges) when it is let. The Rent Standard 2020 allows CHS to set rents at up to 5% above the formula rent (10% for supported housing), which CHS has decided it needs to do. The reasons for using this flexibility are:

- The costs of future planned maintenance are increasing significantly. The flexibility will help CHS to maintain and improve homes, reduce the carbon emissions from homes, develop new homes and provide a range of other community support services.
- Using the flexibility will have no impact on existing tenancies and CHS's social rents will continue to be significantly lower than Local Housing Allowance levels and to be fully eligible for Housing Benefit and Universal Credit.

2.2 The formula for setting a maximum social rent uses a valuation of a property as at January 1999, having been assessed by an independent Chartered Surveyor.

2.3 The Formula rent for each home is adjusted each year by the rate of inflation (CPI) +1%. This is the rent to be charged when a home is re-let, plus any service charges. There is also an overall rent cap which sets a maximum ceiling on the social rent, which are published by the Department for Levelling Up, Housing and Communities and increased each year by CPI+1.5%.

3.0 Affordable Rents

3.1 Almost all CHS homes built **after** September 2017 have an Affordable Rent, which is also governed by the Rent Standard but with different rules. When letting a home CHS sets the initial rent for Affordable rents (including service charges) at the Local Housing Allowance (LHA

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– the rate used to calculate housing benefit) level or 80% of total market rent, whichever is lowest. We call this the Affordable rent cap.

3.2 Every year we monitor market rent levels to make sure that the total rent charged each time a new tenancy is issued is not above the Affordable rent cap. Where necessary we will re-set such rents to the rent cap when they are relet. Market rent reviews are carried out by external valuers using a method recognised by the Royal Institution of Chartered Surveyors.

4.0 Annual rent reviews

4.1 CHS will comply with the Rent Standard (April 2020) and increase actual rents for both social rents and affordable rents each April by no more than CPI+1% .

4.2 **Social rents** (excluding service charges) for existing tenancies will change by CPI+1% so long as this remains at or below the Formula rent for the home. Where the existing rent is higher than the formula the rent we will increase the rent more slowly until it is back into line with the formula or until it is relet.

4.3 **Affordable rent** (including service charges) - annual increases are limited to CPI+1% for all existing tenants with an Affordable rent.

4.4 Where a new tenancy begins in late February / March so that the usual one month's notice of an increase cannot be given, the new tenant will be asked to sign a letter to agree to the new rent from the first Monday in April.

5.0 Rent setting for properties that have been improved

Standard planned maintenance works such as kitchen and bathroom upgrading will not result in a rent increase. However, substantial works such as the complete remodelling or substantial renovation of a scheme or individual property may lead to a new rent level. CHS will revalue properties and revise Formula Rents when improvements are carried out which lead to an average estimated increase in property value of £7500 or more.

6.0 Rent setting for Fair Rent properties

Residents with Rent Act protection (where they began their tenancy before 15th January 1989) retain this under the Rent Standard. CHS applies to the Valuation Office Agency (VOA) every two years for a Fair Rent. The rent applied for follows the same rules as for Assured (social rent) tenancies. If the VOA sets a Fair Rent below the figure applied for, CHS will charge this lower rent. If the VOA sets a Fair Rent above the figure applied for then CHS charges the lower figure in line with Assured tenancies, so Fair Rents are never higher than social rents for Assured tenancies.

7.0 Service charges

CHS tries to make sure service charges represent Value for Money for customers. Service charges are clearly defined for each property and are restricted to the costs of actually providing services including administration costs. CHS has a separate Service Charge Policy. CHS will try to limit any increases in service charges to CPI+1%, although it can be difficult to control some costs which are less predictable (e.g. equipment breakdowns, utilities, management companies) and may vary up or down.