

Rent Setting Policy

Approved by: Executive
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**1. Statement of Intent**

1.1 This policy outlines how Radian intends to set rents for both new and existing properties. It will ensure that the rent for our properties is calculated in a consistent way dependent on the original funding of the property and in line with the regulatory requirements of the Welfare Reform and Work Act 2016 and the Rent Standard.

2. Definition

2.1 This policy outlines how the rent element of the total charge made to residents is calculated. Some residents will also be charged a service charge for services they receive and other charges may also be included in the total charge e.g. water and heating. We have set out how service charges are calculated in the Service Charge Policy.

2.2 Market Rents are not subject to the Rent Standard. Market rents will be increased to keep pace with the prevailing market.

3. Policy

3.1 Rents are to be set with the aim of maximising the rental income for each property, while staying within confines of regulation - Appendix A (attached) shows details.

3.2 Social rents are regulated by the Social Housing Regulator (currently the Regulation Committee of the Regulator of Social Housing) under the Welfare Reform and Work Act 2016 and the Rent Standard. The Standard sets a formula rent for any social rented property. The formula rent is calculated using a number of factors including location, numbers of bedrooms and estimated valuation of the property as at 1999.

3.3 The Welfare Reform and Work Act 2016 introduces additional rules around the levels of rents that can be charged by registered providers of social housing during the period from 2016/17 to 2019/20.

3.4 Radian will allocate all new build homes at Affordable rent level, set at a maximum of 80% of market rent.

3.5 Affordable rent, intermediate and market rents will be set as a gross rent to cover the cost of rent and services. If an additional charge such as that for heating or hot water is provided then an additional agreement should be used to provide for separate payment of those charges.

3.6 All rent and associated charges will be applied through the rent ledger (property database) as a control.

4. Legal & Regulatory Framework

- Housing & Regeneration Act 2008
- Rent Standard Guidance (Annex A to the Regulatory Framework April 2012)
- Welfare Reform and Work Act 2016

5. Related Policies

- Service Charge Policy

Appendix A

Rent Type	Rent Setting Methodology	Increase Type
Social -General needs, supported and housing for older people	<p>The formula rent as defined by the Rent Standard.</p> <p>Whilst the Welfare Reform and Work Act 2016 is in effect, maximum social rent set should be the higher of:</p> <ol style="list-style-type: none"> a) The 'social rent rate', which is the formula rent applying a 1% reduction for each year the Welfare, Reform and Work Act has been in force b) The 'assumed rent rate' which is based on the rent the previous tenant was paying on 8 July 2015 applying a 1% reduction for each year the Welfare, Reform and Work Act has been in force 	<p>In line with Welfare Reform and Work Act 2016 and/or The Rent Standard (2015), currently 1% reduction annually or future government guidance. Increase of CPI plus 1% from April 2020</p>
Affordable - General needs, supported and housing for older people	<p>A property is designated an affordable rent property, the rent will be assessed using a RICS approved methodology at up to 80% of the market rent at the commencement of a tenancy in line with any funding regulations and/or the rent standard and the Welfare Reform and Work Act 2016 as appropriate.</p> <p>Whilst the Welfare Reform and Work Act 2016 is in effect, maximum affordable rent set should be the higher of:</p> <ol style="list-style-type: none"> a) 80% of the market rent assessed using a RICS approved methodology. b) The 'social rent rate' as defined by the Welfare Reform and Work Act 2016, applying a 1% reduction for each year the Welfare, Reform and Work Act has been in force <p>4 bed affordable rents to be set at 80% of the market rent of an equivalent 3 bed property + £10 to keep the rent levels affordable (but to not exceed 80% of the market rent of a 4-bed</p>	<p>In line with Welfare Reform and Work Act 2016 and/or The Rent Standard (2015), currently 1% reduction annually or future government guidance. Increase of CPI plus 1% from April 2020</p>

	<p>property)</p> <p>5 bed affordable rents to be set at 80% of the market rent of an equivalent 3 bed property + £20 to keep the rent levels affordable (but to not exceed 80% of the market rent of a 5-bed property)</p>	
Intermediate properties -non-HCA specified program	Non Welfare Reform and Work Act 2016 approved intermediates to be treated as general needs in line with Welfare Reform and Work Act 2016 and/or HCA guidance.	Non Welfare Reform and Work Act 2016 approved intermediates to be treated as general needs in line with Welfare Reform and Work Act 2016 and/or The Rent Standard (2015), currently 1% reduction annually or future government guidance. Increase of RPI plus 1/2%, in line with HCA intermediates from April 2020
Intermediate properties - HCA specified schemes	Welfare Reform and Work Act 2016 approved intermediate rent property to have the rent assessed using a RICS approved methodology at up to 80% of the market rent at the commencement of a tenancy in line with any funding regulations and/or the rent standard as appropriate.	Welfare Reform and Work Act 2016 approved Intermediate rents will be increased by the guideline limit of RPI + 0.5% unless funding guidance requires a different rate to be applied.
Affordable Home Ownership	Set based on original property value and tenants' equity percentage.	Shared ownership rents will be increased in line with specific leases, capped at RPI + 0.5%.
Staff Accommodation		Increase of CPI plus 1%
Market rented properties, garages	As per the market	As per the market

Other accommodation (including but not limited to other support agreements, support room, LA agreement for plots and mobile homes.	As per specific agreement	As per specific agreement