

Rent Policy

1. Summary

1.1. SHAL is committed to ensuring that the rent it charges is affordable for its residents whilst also ensuring that rents make a positive contribution to SHAL's finances, and hence enable SHAL to maintain its housing stock effectively. SHAL will also meet the legal requirements for rent setting across the different types of tenancy it offers.

2. Objectives

2.1. This Policy sets out how SHAL will calculate, set and amend its rents for all different types of tenancy. This includes:

- 2.1.1. Social Rent
- 2.1.2. Affordable Rent
- 2.1.3. Shared Ownership

2.2. The Government policy from April 2020 to April 2025 is that rents may be increased annually by the preceding September Consumer Price Index + 1%. If Government rent policy changes then SHAL will revise this policy as required.

2.3. SHAL will confirm in writing the annual rent charged from April each year, at least 4 weeks before they are changed. SHAL will review any rental increases on an annual basis. Service charges are determined in accordance with the Service Charge policy.

3. Details

3.1. Setting social rents

- 3.1.1. All social rents will be set by applying guidance and regulations issued by the Ministry of Housing, Communities and Local Government and the Regulator of Social Housing.
- 3.1.2. Social rents are calculated by using a formula defined by Government.

- 3.1.3. The Regulator of Social Housing issues rent caps annually, and SHAL will not increase social rents above the rent caps rates.
- 3.2. Annual changes to social rents
 - 3.2.1. The Government policy from April 2020 to April 2025 is that social rents may be increased by the preceding September Consumer Price Index + 1% per year. SHAL will increase rents by up to the Consumer Price Index + 1% per year.
- 3.3. Setting affordable rents
 - 3.3.1. All affordable rents will be set by applying guidance and regulations issued by the Ministry of Housing, Communities and Local Government and the Regulator of Social Housing.
 - 3.3.2. Where a property is let as an affordable rent, SHAL will charge an initial rent up to 80% of the local market rent for that property. The market rent for a property will be determined in accordance with Royal Institution of Chartered Surveyors recognised methods. For new-build, conversions and on re-let of an affordable rent property, SHAL will obtain a market rent valuation from an independent chartered surveyor and set rent at up to 80% of the reported market value.
 - 3.3.3. SHAL may not always obtain a new market rent valuation for every re-let. Where a market rent valuation has been obtained for a similar property in the same area within the last 12 months and there has not been significant market movement in the intervening period, SHAL can use the existing market rent valuation to set the rent on a different property.
 - 3.3.4. The affordable rent, as determined from the market rent, is expressed inclusive of any service charge. No additional charges for communal costs can be applied where a property is let at affordable rent.
 - 3.3.5. SHAL will have regard to the local market context when setting affordable rents.

- 3.4. Annual changes to affordable rents
 - 3.4.1. The Government policy from April 2020 to April 2025 is that affordable rents may be increased annually by the preceding September Consumer Price Index + 1% per year. SHAL has will increase rents by up to the Consumer Price Index + 1% per year.
- 3.5. Setting shared ownership rents
 - 3.5.1. Shared ownerships rents are specified within the lease for each property, and are charged per calendar month. Unless otherwise required (for example by the requirements of Section 106 agreements), SHAL will set the initial shared ownership rent between 2% and 2.75% of the capital value of the unsold equity in line with the Regulator for Social Housing guidance. If a tenant ‘staircases’ their equity contribution to the property (see shared ownership policy) a new rent will be calculated.
- 3.6. Annual changes to shared ownership rents
 - 3.6.1. Guidance from the Regulator of Social Housing states that shared ownership rents will be increased on 1st April annually and are limited to whichever is the greater of the following:
 - a The rent payable immediately before the rent review date
 - b The rent payable immediately before the rent review date increased in line with the preceding September Retail Price Index plus 0.5%.
 - 3.6.2. SHAL will increase annual rents using the formulae above.
 - 3.6.3. SHAL will revise the annual rent charged if the tenant staircases their equity amount in the property.

4. Outcomes

- 4.1 The rents and service charges are affordable to SHAL’s tenants.

4.2 SHAL is sustainable as a business and able to invest in our current homes, build new homes and attract and retain employees with the skills and knowledge to deliver our strategic priorities and ambitions.

4.3 SHAL is compliant with the Governments Policy Statement on Social Rents for Social Housing 2019.

5. Consultation

5.1. A draft copy of this policy will be available on our website to allow our tenants an opportunity to comment on its contents prior to being submitted for approval by SHAL's board.

5.2. All tenants will be contacted by text to advise of its availability online and a draft copy will also be made available on request.

5.3. SHAL's tenant scrutiny panel will also be invited to review the policy and suggest any comments and amendments prior to the policy being approved by the board.

6. Equality and Diversity

6.1. SHAL is committed to treating tenants in an equal and fair manner. However, there are different types of tenancy based on when a tenant becomes a social housing tenant and because properties are let under different legal arrangements.

6.2. This means that the rent charge to residents in equivalent properties may differ.

7. Value for Money

7.1. SHAL is restricted in the rent that it charges by the Homes England and Government regulation. However, SHAL is able to charge a lower rent if it chooses.

7.2. However, a lower rent would represent a reduction in income which could affect service delivery.

8. Owner

8.1. Finance Director

9. Version and Revisions

9.1. This policy will be reviewed every 3 year(s).

9.2. Revisions

New version	Date	Revision details
2.0	11/11/21	<p>Inclusion of Outcomes</p> <p>The annual rent increase will be up to the CPI +1% - This ensures that the Board is not artificially constrained in its ability to make a reasonable decision on the setting of the annual rent.</p>