



# **RENT POLICY**

**2023 - 2026**

## RENT POLICY

<b>Adopted/Date Reviewed:</b>	January 2023
<b>Review Period:</b>	3 Years
<b>Next Review:</b>	January 2026
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<b>Policy Version:</b>	Version 2
<b>Version Reviewed by:</b>	CLT on 13 January 2023 ELT on 18 January 2023 Ops Committee 07 February 2023
<b>Version Approved by:</b>	Board 14 March 2023
<b>Policy Links:</b>	Tenancy Lettings

### **Brief Policy Summary:**

This policy sets out the principles and practices by which Lincolnshire Housing Partnership will set and annually review rents for all its tenancies. It will comply with the current regulatory guidance and legislation, be affordable for tenants, and maintain the stability and viability of the Business Plan.

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## Purpose

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1. To set rents at a level that complies with current regulatory guidance, is affordable, and maintains the stability and viability of the Lincolnshire Housing Partnership (LHP) Business Plan.
2. To follow Government, Regulator of Social Housing (RSH) and Royal Institute of Chartered Surveyor (so far as are applicable) methods and guidelines in our approach to setting rents.
3. To treat customers fairly and consistently in our approach to rent setting.
4. If during the period this policy is in place, a need to charge a rent that is not covered by the relevant sections within this document, ELT and or appropriate Board/Committee will be asked to approve this as a separate issue until the policy is reviewed again, when such a change will be incorporated into it.

## Objectives

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5. Define the way that LHP sets and calculates rent when a new tenancy is granted and on annual review.

## Scope

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6. This policy covers rent setting for all tenures operated by LHP. Specifically, this policy covers the setting of rents for tenants and (where applicable) licensees of the following types of properties:
  - Social Rent
  - Sub-market (Intermediate) Rent
  - Affordable Rent
  - Market Rent
  - Shared Ownership
  - Parking Facilities (including garage sites and parking / hardstanding)
7. Where an occupant does have a licence agreement, “rent” should be read as “licence fee”.
8. Rent setting does not relate to service charges, which are calculated separately in accordance with the Service Charge Policy. This policy does however refer to whether service charges are included in or in addition to the rent, where relevant.
9. This policy does not apply to commercial properties or leaseholders.

## Rents - Social

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10. The LHP Board will agree the annual rent increase percentage to be charged each year. Changes will normally be applied annually each April in line with rent review anniversaries.
11. Rents will be set in accordance with the relevant legislation and the RSH Rent Standard in force at the time. Consideration will be given to the desire to keep rents affordable whilst maintaining the stability of the LHP Business Plan.
12. Existing rents will conform with the requirements set out in the Rent Standard. Annual rent increases will comply with the Rent Standard and/or any other relevant legislation.
13. For new or re-lets of social housing properties from 1<sup>st</sup> April 2020, legislation, and regulation permits:
  - Calculation of the “formula rent” for the particular property. This is based on the relative value of the property, relative local income levels, and the number of bedrooms in the property, updated for each year since 2000/2001.
  - A permitted tolerance on the formula rent: this is up to 5% for general needs housing and up to 10% for supported housing.
  - All new tenancies will have rents set at the formula plus tolerance level. Any rents not set at this level, due to demand issues for example, must be approved in advance by ELT.
  - The Regulator for Social Housing sets an annual cap for the maximum level of formula rents, by bedroom size. Rents must not be set at a level higher than this amount. The most up to date caps are for 2022/2023.
  - Formula Rent Caps for 2022/2023

<b>Number of Bedrooms</b>	<b>Rent Cap for 2022/2023</b>
1 and bedsits	£155.73
2	£164.87
3	£174.03
4	£183.18
5	£192.35
6 or more	£201.50

## **Rents - Affordable**

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14. Rents will be set in accordance with the relevant legislation and RSH Rent Standard in force at the time.
15. Affordable Rents, inclusive of Service Charges, will be set at a maximum of 80% of market rent, not going above the Local Housing Allowance (LHA) rate, for an equivalent property of that size and location. A new valuation will be obtained when an Affordable Rent property is either let for the first time, or upon a change of tenancy.
16. The ceiling of 80% of market rent is inclusive of service charges. However, if the formula rent is higher than 80% of the market rent, the maximum weekly rent (exclusive of service charges) will be formula rent. In that case, service charges will be charged in addition.
17. Valuations for rent setting will be undertaken in accordance with a Royal Institute of Chartered Surveyors (RICS) recognised method and will follow any guidance issued by the RSH on valuation for Affordable Rent tenancies.
18. Affordable Rent annual rent increases will comply with the Rent Standard and/or any other relevant legislation.
19. During the first year after the tenancy start date, it is permitted to vary the rent once only by giving the tenant one months' notice in writing. This will ensure that all annual rent changes are brought in line and change in April of each year.
20. Annual rent reviews will take place in April. Rents will be uplifted by the equivalent of the Social Rent uplift.

## **Intermediate**

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21. Intermediate Rents, excluding Service Charges, will be set at a maximum of 80% of market rent, not going above Local Housing Allowance (LHA) rate, for an equivalent property of that size and location. A new valuation will be obtained when an Intermediate Rent property is either let for the first time, or upon a change of tenancy. Valuations for rent setting will be undertaken in accordance with a Royal Institute of Chartered Surveyors (RICS) recognised method and will follow any guidance issued by the RSH valuation for Intermediate tenancies.
22. During the first year after the tenancy start date, it is permitted to vary the rent once only by giving the tenant one months' notice in writing. This will ensure that all annual rent changes are brought in line and change in April of each year.
23. Annual rent reviews will take place in April. Rents will be uplifted by the equivalent of the Social Rent uplift.

## Market

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24. Market Rents will be set at 100% of market rent for an equivalent property of that size and location. A new valuation will be obtained when a Market Rent property becomes vacant and there is a change of tenancy.
25. Annual rent reviews will take place in November and effective from 01 April annually. Rents will be uplifted by the equivalent of the Social Rent uplift.

## Shared Ownership

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26. Rent for shared ownership homes are paid at a percentage of the unsold equity of the property in line with Homes England guidance.
27. The rent for shared ownership homes will be reviewed periodically at the time set out within the lease agreement. Typically, this will be every year.
28. The rent will be increased in line with the requirements of the Lease, typically this is an increase of RPI or RPI + 0.5%.

## Parking Facilities

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29. Parking facilities will be charged at a flat monthly rate (VAT will be applied where applicable i.e., non LHP tenants).
30. Parking facilities will have an annual increase in November, effective from April. Rents will be uplifted by the equivalent of the Social Rent uplift.
31. The Board reserves the right to vary the standard charge as required in relation to levels of demand.

## Collection Periods and Non-Collection Weeks

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32. Social and Affordable rents will normally be charged weekly in accordance with the particular tenancy terms and conditions.
33. Some forms of tenancy agreement in operation provide for four non-collection weeks

## Monitoring

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34. The Board and Chief Executive are responsible for ensuring that this policy is implemented.
35. The Executive Director of Finance is responsible for preparing rent calculations and ensuring that these comply with the requirements of this Policy.
36. Annual Rent Reviews for all properties that are required to comply with the Rent Standard are externally validated.

## Equality Impact Assessment

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<b>Rent Policy</b>			
This policy sets out the principles and practices by which Lincolnshire Housing Partnership will set rents for all its tenancies. It is designed to comply with the current guidance, is affordable, and maintains stability and viability of the Business Plan.			
<b>Completed By:</b>	<b>Mark Coupland</b>	<b>Date:</b>	<b>25 January 2023</b>

### **Guidelines: Things to consider**

- Where a negative (i.e., adverse) impact is identified, it may be appropriate to make a full EIA (see Stage 2), or, as important, take early action to redress this – e.g., by abandoning or modifying the initiative. NB If the initiative contravenes equality legislation, it must be abandoned or modified.
- Where an initiative has a positive impact on groups/community relations, the EIA should make this explicit, to enable the outcomes to be monitored over its lifespan.
- Where there is a positive impact on particular groups, does this mean there could be an adverse impact on others, and if so, can this be justified? - e.g. Are there other existing or planned initiatives which redress this?
- It may not be possible to provide detailed answers to some of these questions at the start of the initiative. The EIA may identify a lack of relevant data, and that data-gathering is a specific action required to inform the initiative as it develops, and also to form part of a continuing evaluation and review process.
- It is envisaged that it will be rare for full impact assessments to be required. Usually, where there are particular problems identified in the screening stage, it is envisaged that changing the approach at this stage, and/or setting up a monitoring/evaluation system to review a policy's impact over time will tackle the problem.



## STAGE 1: SCREENING

This stage establishes whether a proposed initiative will have an impact from an equality perspective on any particular group of people or community – i.e., on the grounds of race, religion/faith/belief, gender (including transgender), sexual orientation, age, disability, or whether it is “equality neutral” (i.e., have no effect either positive or negative).

**Q 1. Who will benefit from this initiative?** Is there likely to be a positive impact on specific groups/communities (whether or not they are the intended beneficiaries), and if so, how? Or is it clear at this stage that it will be equality ‘neutral’ i.e., will have no particular effect on any group? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

All tenures paying rent to LHP will be affected equally.

**Q 2. Is there likely to be an adverse impact on one or more minority/under-represented or community group as a result of this initiative?** If so, who may be affected and why: Or is it clear at this stage that it will be equality ‘neutral’? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

We do not envisage any negative impact through the implementation of this policy on any particular group: it is equality neutral.

**Q 3. Is there sufficient data on the target beneficiary groups/communities?** Are any of these groups under or overrepresented? Do they have access to the same resources? What are your sources of data and are there any gaps? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

Information on all tenures is held on our core database.

**Q 4. Outsourced services – if the initiative is partly or wholly provided by external organisations / agencies, please list any arrangements you plan to ensure that they promote equality and diversity.** *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

N/A

**Q 5. Is the impact of the initiative (whether positive or negative) significant enough to warrant a full impact assessment – see guidance?** If not, will there be monitoring and review to assess the level of impact over a period of time? *Please consider all aspects of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Belief, Sexuality*

We do not perceive any negative impact that would warrant a full equality impact assessment.

**Q 6. To be completed at six monthly review Detail** actions taken to assess the level of impact over a period of time, or to address any gaps in data. *Please consider all aspect of Diversity including as a minimum: Age, Disability, Gender/Transgender, Race/Ethnicity, Religion/Faith/Beilief, Sexuality*

N/A