

## POLICY

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**Subject:** Rent setting

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### **Policy Statement**

Worthing Homes is a registered housing provider and a registered charity. We set and maintain our rents at below market rent levels in accordance with the guidance of the Tenant Services Authority.

For social rented tenancies, Worthing Homes will charge tenants a social rent at the level of target rent +5 per cent (%). Where rents charged differ from the target rent +5 per cent (%) we will use the rent convergence formulae from the rent restructuring framework issued by the Tenant Services Authority.

All the new homes we build will be charged 80% of market rents, funded by converting current developments, and by increasing the rent charged to all existing social homes and relets to target rents +5 per cent (%).

Rents for other tenancies not subject to target rents will be set to ensure financial viability, and if applicable be increased in accordance with any regulatory guidance. This will include shared ownership properties, intermediate rent and any other properties not provided for elsewhere in this policy

Any service charges will be set annually and aim to recover the costs incurred.

Rent increases will be effective from the first Monday in April each year, for all tenants and shared ownership lessees.

### **1 Social rented tenancies target rents**

1.1 Worthing Homes operates within the rent restructuring framework issued by the Tenant Services Authority. The target rents for each property will be determined using the formulae provided in the rent restructuring guidance.

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- 1.2 The policy is that all new social rented lettings, including relets, will be set to achieve target rent +5 per cent (%). All social rents will be within the allowance in the guidance that rents may be charged at 5% higher or lower than target levels, or 10% for sheltered housing.
  - 1.3 Worthing Homes' target rent convergence is in line with the rent restructuring deadlines. All downward convergence will be completed by 2012 so that no social rented tenancies are charged higher than the target level range. For the remaining social rented tenancies charged lower than the range there is a rent plan which shows the projected rents for each property to increase by £2 each year above the inflationary increase to converge with the target rents range.
  - 1.4 A new tenant in one of our existing social rented homes will be offered a tenancy at a social rent set at target rent +5 per cent (%).

## **2 Social rented tenancies rent increase**

- 2.1 Worthing Homes owns approximately 2,800 properties where rents are set at social rented levels.
- 2.2 Rents subject to target rents will be increased using the formulae prescribed by the Tenant Services Authority (or any successor regulator) under the rent restructuring guidance to ensure convergence to target rents +5 per cent (%). Any subsequent guidance issued by the Tenant Services Authority in respect of rent review will be applied.
- 2.3 The target rents will increase using the inflation plus ½% formula in the rent restructuring guidance. The September Retail Prices Index (RPI) figure is used (plus ½%) for the following April rent increase.
- 2.4 For the annual increases within our rent plan, the weekly rents for existing tenants will not increase by more than inflation plus ½% plus a further £2 (where rents are currently below target +5 per cent (%) levels).
- 2.5 Worthing Homes will give at least one months notice of any increase in the rent it charges. Rent increases will be applied in line with Section 13(2) of the Housing Act 1988, using the form prescribed for this purpose as it applies at the time of the increase, or any subsequent amendment to this.

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### **3 Affordable rented tenancies**

- 3.1 Worthing Homes owns approximately 20 properties where rents are set at affordable rented levels.
- 3.2 Affordable rent levels are not subject to the rent restructuring policy. Instead the rents in these homes shall be no more than 80% of market rent for an equivalent property of that size and location. This ceiling of 80% is inclusive of service charges.
- 3.3 We will use a valuation of market rent for initial rent setting in accordance with a RICS recognised method.
- 3.4 Affordable rents are increased in accordance with the September Retail Prices Index (RPI) figure (plus ½%) for the following April rent increase.
- 3.5 We will rebase the rent on each occasion that a new affordable rent tenancy is issued for that property, to ensure that rent remains no more than 80% of the relevant market rent.

### **4 Intermediate rented tenancies**

- 4.1 Worthing Homes owns approximately 100 properties where rents are set at intermediate rented levels.
- 4.2 Intermediate rent levels are set at 80% of market rent levels.
- 4.3 Intermediate rents are increased in accordance with the September Retail Prices Index (RPI) figure (plus ½%) for the following April rent increase.

### **5 Shared ownership**

- 5.1 Worthing Homes part owns approximately 40 properties on a shared ownership basis.
- 5.2 Shared ownership rent levels and increases are set according to the shared ownership lease.

### **6 DIYSO – Do It Yourself Shared Ownership**

- 6.1 Worthing Homes part owns approximately 20 properties on a DIYSO basis.
- 6.2 DIYSO rents are increased using the September Retail Prices Index (RPI) figure (plus ½%) for the following April rent increase.

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## **7 Social leases**

- 7.1 Worthing Homes offers a concession on a small number of properties which are managed by other charities and housing associations.
- 7.2 There are 3 properties which are which have leases from the 1999 transfer agreement from Worthing Borough Council. As a concession by Worthing Homes, these are charged rent at 50% of market rents and for all service charges. The rents are increased annually as per the clause within each lease. We review the market rent at lease renewal.
- 7.3 As a concession by Worthing Homes, the Lovett Centre for Guild Care is charged no rent but for all service charges.

## **8 Other leases**

- 8.1 Worthing Homes owns other properties which are managed by other bodies. These include 23 key worker flats with a NHS Trust, 2 supported flats managed by MIND, and 1 supported flat managed by West Sussex County Council. The charges are set to ensure financial viability, and increases are set according to the lease.

## **9 Garages**

- 9.1 Tenants are charged a concessionary rate for garage rents. Garage rents are increased using the September Retail Prices Index (RPI) figure (plus ½%) for the following April rent increase.

## **10 Service Charges**

- 10.1 Service charges are set for services that are provided in addition to the landlords repairing and management obligations and include such items as communal grounds maintenance and cleaning.
- 10.2 Support charges are determined by the Supporting People rules. Where appropriate, Worthing Homes will set service charges by taking into account the following factors:
- 10.2.1 the full cost of the service provided;
- 10.2.2 value for money;
- 10.2.3 a provision for the maintenance and replacement of equipment used in the supply of service.

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## 11 Responsibility

- 11.1 The Board of Directors is responsible for setting the level of annual rent increases and ensuring tenants are given the statutory period of notice of any subsequent rent increases.
- 11.2 The Housing Director is responsible for arranging rent assessment of all new properties.

## 12 Consultation

- 12.1 Worthing Homes will give details of its rent policy in the Residents handbook and tenancy agreement. The tenancy agreement also states how and when the rent may be increased.
- 12.2 Worthing Homes will consult with all tenants using existing consultation mechanisms in accordance with Tenant Services Authority guidelines.

## 13 Review

- 13.1 The rent setting policy will be reviewed every year.

Title: **Rent setting policy**  
Date: Created: January 2008  
Reviewed: November 2011