

## RENT SETTING POLICY

### 1. Introduction

This policy sets out how Citizen sets the rents on the homes that it owns and the aims of Citizen in carrying out this function. This policy ensures that effective systems are in place which will mean that rents are set in line with the Rent Standard currently in force issued by the Regulator of Social Housing.

This policy describes the setting of rents. How we set our service charges is set out in our Service Charge Policy.

This policy does not apply to the setting of rents for our specialised supported housing properties, which are not subject to the requirements of the Rent Standard. These properties are covered in our Rent Setting – Specialised Supported Housing Policy

The Government has powers granted by the Housing and Regeneration Act 2008 to issue directions to the Regulator to set out the rent regime for Housing Associations. This policy meets the requirements of the Regulator of Social Housing, as set out in its National Standards and in particular the current “Rent Standard” and the supporting “Policy Statement on Rents for Social Housing”.

Citizen sets its rents in line with the regulatory guidance as issued and as updated by the regulator.

We are committed to the following objectives in how rent and other charges are set.

- To provide affordable accommodation providing value for money for customers.
- To meet statutory, regulatory and contractual obligations when setting rents
- To ensure that all tenants and licensees are advised clearly at the start of their tenancy or licence, what their rent is and any service charges that apply.

That any change to rents charged is clearly communicated to tenants and licencees, ensuring that proper notice is provided in line with our statutory, regulatory and contractual obligations.

### 2. Scope

This policy applies to how rents are set on homes owned by Citizen which are within the scope of the Rent Standard, being:

- Social rents

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- Fair rents
- Affordable rents

This includes rent paid directly to us for homes that we own and homes where customers pay rent to a managing agent acting on our behalf.

This policy does not apply to rents on garages or non-domestic rented properties.

### **3. Policy Detail**

#### **3.1 Social Rents**

Rents for new lets on “social rent” properties are calculated according to the formula as set out in the regulations.

Regulations allow for a property’s formula rent to have an upward tolerance applied of:

- 10%, if the accommodation is supported housing and
- 5%, if the accommodation is not supported housing

Citizen has process in place to utilise this flexibility. The use of this flexibility has been considered, and approval has been given by the Citizen board to utilise the tolerance with the ability to disapply the tolerance if inclusion of the tolerance would make a scheme unaffordable for our customers.

Citizen has a number of supported housing units as defined in the Policy Statement on Rents for Social Housing, which states that ‘supported housing’ means low cost rental accommodation provided by a registered provider that:

- a) is made available only in conjunction with the supply of support;
- b) is made available exclusively to households including a person who has been identified as needing that support; and
- c) falls into **one or both** of the following categories:

- accommodation that has been designed, structurally altered or refurbished in order to enable residents with support needs to live independently; and
- accommodation that has been designated as being available only to individuals within an identified group with specific support needs. Support is defined as including:
  - i. sheltered accommodation
  - ii. extra care housing
  - iii. domestic violence refuges
  - iv. hostels for the homeless
  - v. support for people with drug or alcohol problems

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- vi. support for people with mental health problems
- vii. support for people with learning disabilities
- viii. support for people with disabilities
- ix. support for offenders and people at risk of offending
- x. support for young people leaving care
- xi. support for teenage parents
- xii. support for refugees

Regulations set out the considerations that Citizen should undertake when deciding to implement a rent review and the amount of any change. These include comparing Citizen's rents to those charged by its peers and in the context of the local rental market.

This comparison takes place annually and is set out in a report to the Citizen Board who are responsible for the approval of any changes to rents up to the maximum allowed by regulation, which is CPI + 1% for rents that are at or below the formula rent + tolerance, and CPI-only for rents that are above the formula rent + tolerance until they converge with the formula rent + tolerance, unless a rent increase ceiling for a specific year is set out in the Rent Standard, in which case the rent increase ceiling must take precedence.

Each rent review is supported by a detailed implementation and audit plan to ensure that revised rents are applied appropriately.

The rent review process will ensure that customers are informed of any changes in rent in accordance with the requirement of their agreements and regulation.

These changes will be communicated in a clear and concise format and we have process in place to allow customers to ask for further information on the changes.

Social Rent properties cannot be converted to:

- Affordable Rent, except where this has been agreed by Homes England or the Secretary of State; or
- Intermediate Rent.

### **3.2 Fair Rents**

The re-registration of fair rents (also known as secure rents) takes place every two years from the last registration, and a new rent is calculated by the Valuation Office Agency (VOA). In order to minimise the impact of the new rent on the tenant, the annual increase will be the lower of;

- The maximum registered rent issued by the VOA

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- The Social rent ‘formula’ rent (subject to both the rent cap and rent flexibility level)+ service charge
- The tenant’s current rent + CPI + 1% + service charge (unless a rent increase ceiling for a specific year is set out in the Rent Standard, in which case the rent increase ceiling must take precedence), even if the tenant’s rent is below the formula rent level and the maximum fair rent is increased by more than this amount.

### **3.3 Affordable Rents**

Rents for new lets on affordable rent properties are calculated at 80% of the market rented value. This valuation is set in line with the Regulator’s most up to date recommendations on valuation. The Valuation used by Citizen will be valid for 6 months prior to the time of letting the property. If the valuation results in a rent lower than a social rent, then the rent should be set at the social formula rent, inclusive of applicable tolerance.

Regulations set out the considerations that Citizen should undertake when deciding to implement a rent review and the amount of any change. This comparison takes place annually and is set out in a report to the Citizen board who are responsible for the approval of any changes to rents up to the maximum allowed by regulation, which is CPI + 1% (unless a rent increase ceiling for a specific year is set out in the Rent Standard, in which case the rent increase ceiling must take precedence).

Each rent review is supported by a detailed implementation and audit plan to ensure that revised rents are applied appropriately. The rent review process will ensure that customers are informed of any changes in rent in accordance with the requirement of their agreements and regulation.

These changes will be communicated in a clear and concise format, and we have process in place to allow customers to ask for further information on the changes.

### **3.4 Intermediate Market Rents (Including Rent to Buy)**

Intermediate Rents are offered at a value above social rent but below market levels. They must not exceed 80% of the current market rent (inclusive of service charges). In order to provide protection and certainty for tenants, providers and funders, the maximum annual rent increase will be the Consumer Price Index plus 1%. The Consumer Price Index will be taken as at September of the previous year.

Rents for new lets on Intermediate Market Rent properties are calculated at 80% of the market rented value. This valuation is set in line with the Regulator’s most up to date recommendations on valuation. The Valuation used by Citizen will be valid for 6 months prior to the time of letting the property.

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### **3.5 High Income Social Tenancy (HIST) Rents**

Regulations allow for the limits on rents described not to apply where households have an income that is classed as being a High Income Social Tenancy as set out in the Rent Standard. Citizen does not utilise this flexibility.

### **3.6 Shared Ownership Rents**

Rents on shared ownership properties are calculated in accordance with the requirements set out in the lease, unless a rent increase ceiling for a specific year is set out in the Rent Standard, in which case the rent increase ceiling must take precedence.

## **4. Roles, responsibility and Governance**

It is the responsibility of the Board to seek assurance that this policy is successfully implemented. The Senior Leadership Team and Heads of Service are responsible for ensuring the effective implementation of this policy and that all staff understand the importance of this policy, the related procedures and that they comply with them.

Managers are responsible for ensuring that their team have undertaken the appropriate Policy eLearning and training.

Any changes to this policy must be made in line with the requirements set out in Citizen's Standing Orders and our Policy Framework.

## **5. Monitoring and review**

This policy will be reviewed every 3 years, unless legislation, service delivery or sector developments require otherwise ensuring the policy continues to meet its objectives and take account of good practice developments.

Legal advice will be taken as required to ensure compliance with legal, regulatory and contractual responsibilities, particularly in respect of the content of the various rent increase letters that we send to our customers.

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Where appropriate service delivery reports in respect of this policy as incorporated into our quarterly reporting suite.

## 6. Equality Impact Assessment

This policy has been subject to an Equality Impact Assessment. Staff working across Citizen have considered the impact of this policy on different groups and communities that we work with. In framing this policy, our staff are committed to not discriminate adversely against any group and will respect the diversity of the communities we are working within.

The EIA and any actions identified as needing to be implemented are in Appendix 1

## 7. VERSION CONTROL

VERSION	DATE	AMENDMENTS	APPROVED AT/BY	REVIEW
V 1.0	Sept 2019	Policy updated to Citizen brand format	Policy Owner	March 2023
V 2.0	Mar 2020	Updated to reflect the revised Rent Standard effective from April 2020.	Policy Owner	March 2023
V 3.0	March 2021	Updated to citizen policy template	Policy owner	March 2023
V4.0	February 2022	Updated to refer to the Policy Statement on Setting Rents for Social Housing and improve presentation.	Board	March 2025
V5.0	March 2023	Updated to refer to the Current Rent Standard in force, rather than a specific standard.	Board	June 2026
V6.0	November 2023	Updated to reflect Affordable Rent Valuation Validity period & amendment to Registered rents comparison	Board	June 2026
V7.0	November 2024	Updated to reflect initial rent setting for IMR including Rent to Buy	Board	June 2027

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