



## **VHA Policy Document**

### **RENT SETTING POLICY**

**Reviewed: March 2024**

**Next Review Due: March 2027**

## **VECTIS HOUSING ASSOCIATION LIMITED**

### **RENT SETTING POLICY**

#### **Introduction**

**This document explains how Vectis Housing Association sets rents for residential properties.**

#### **1. Definitions**

**VHA - Vectis Housing Association**

**Social Rent- a term that is used to describe rent that is approximately 60-70% ~~lower than that of~~ similar private rented properties.**

**Intermediate market rent- a term used to describe rent set at up to 80% of market rent levels.**

**CPI - Consumer Price Index**

#### **2. Aims of the Rent Setting Policy:**

VHA is aware its residents may be on low incomes and seeks to provide a range of affordable accommodation for individuals and families on the Isle of Wight

**The aim and purpose of this rent policy is to:**

- ensure that VHA rents are set at a level that enables us to meet our obligations. Our obligations are to remain financially viable in order to meet the targets in the VHA business plan, to maintain our housing stock and to ensure we meet our responsibilities to residents;
- ensure that we comply with the Regulator's rent setting guidelines. Also, to comply with VHA financial covenants with private lenders.

The VHA Audit and Risk Committee has delegated powers to receive and approve budgets for the forthcoming year, including rent levels for the same period.

#### **3. The basics of rent setting**

The rent standard set out by the Regulator of Social Housing (the social housing regulator) defines our rent setting obligations for all social rents.

(<https://www.gov.uk/government/publications/rent-standard>)

### Types of tenancy

There are three types of tenancy in operation. These are Secure, Assured (social rent and intermediate market rent), and Assured Short hold.

VHA also has a small number of shared ownership properties.

- Secure Tenancies (fair rents)

Residents with a secure tenancy retain their 'fair rent' protection under rent restructuring. These tenancies were generally granted (fair rents) before 1989 and there are no new lettings of properties on secure tenancies.

Fair rents are registered by Valuation Office Agency (VOA) rent officers. Tenants may apply for registrations of rent every two years, or sooner if there are major changes to a property eg repairs, improvements or rebuilding works. VHA will review our fair rents on an annual basis to ensure they remain lower than the maximum fair rent calculation as set out on the gov.uk website.

#### *Review Date*

All increases will be effective from the first Monday in April, each year.

- Assured Tenancies (Social Rent)

VHA has responsibility to set assured tenancy rents using guidance issued by the housing regulator.

Assured rents for new properties, acquired with public subsidy will be in accordance with those confirmed to the Homes England at Grant Confirmation stage, subject to any extenuating circumstances arising thereafter. Such rents will have been assessed in the context of criteria laid out in the introduction above.

Assured rents for new properties acquired without public subsidy will be set on an identical assessment basis.

On re-lets the rent will remain unaltered until the next financial year, unless the re-let is beyond the time at which the Audit and Risk Committee has already approved levels for the next year. In which case the new rent for that property will apply immediately.

Assured tenancy rent changes will to be increased in line with the government's guidelines.

#### *Review Date*

All increases will be effective from the first Monday in April, each year.

- Assured Tenancies (Intermediate market rent)

Intermediate market rents (IMR) will be set at up to 80% of market rent levels. VHA will review IMR rents annually. Any increase will be limited to CPI +1.0%. Any increase applied to the rent will not exceed 80% of the market value.

#### *Review Date*

All rent changes will be effective from the first Monday in April each year.

- Assured Short hold Tenancies

VHA has a small number of assured shorthold properties let on higher, intermediate rents. These relate to specific types of dwellings, including:

1. Larger properties, procured for a specific purpose
2. Properties required to be intermediate through planning obligations
3. ~~Leased properties let through the working households scheme.~~ Properties leased from private owners
4. Properties on a fixed term tenancy ~~of 5 years.~~

VHA has a number of properties leased from private owners; these tenancies are assured short hold tenancies. It is a policy to set rents for these tenancies below market level, but at a rate that is sufficient to meet operational costs plus rent payable by VHA under the terms of the lease.

#### *Review Date*

All rent changes will be effective from the first Monday in April each year.

- Shared Ownership

Shared ownership rents apply to people who have purchased a share in a VHA property and are renting the remainder. Shared ownership rents are initially capped at a maximum of 2.75% of the value of the equity retained by the registered provider. Thereafter, rents are reviewed annually in accordance with the rent mechanism stated in the individual lease.

#### *Review Date*

All rent changes will be effective from the first Monday in April each year. ~~1<sup>st</sup> April each year~~

#### **4. Adjusting individual rent levels**

Where VHA identify an error in rent calculation, we will adjust the rent and calculate the difference. This may result in a credit or debit on a resident's rent account.

### ***Appeals***

We will receive and conduct appeals against any rent increases in accordance with legislation appropriate to the type of tenancy.

We will receive and conduct appeals against any rent increases in accordance with legislation appropriate to the tenancy type. Any resident who feels that their rent has not been set in accordance with this policy may also use the VHA Complaints procedure.

## **5. Equal Opportunities**

This Policy has been developed to ensure that VHA provides equality of service delivery. In operating this Policy we will not discriminate on the grounds of; age, gender, race, disability, religion, sexuality or any other protected characteristic or personal circumstances.

This Policy does not discriminate either directly or indirectly and does not disadvantage any individual or group.

We will ensure that access to the support available from the Association is available to all and we will consider any specific communication requirement or support needed.

We will look to identify inequalities of access to our services and seek to redress them. Our commitment to Equality, Diversity and inclusion is detailed in our Equality, Diversity and Inclusion policy.

## **6. Confidentiality and Data Protection**

We will at all times have regard to the confidential nature of the data we are dealing with. This must be handled and processed in compliance with the principles contained within GDPR regulations and any subsequent legislation.

## **7. Communicating with residents**

Residents will receive four weeks' notice for a rent review

VHA recognizes the importance of working in partnership with our residents to develop and continuously improve our services. To demonstrate this commitment, this policy will be periodically reviewed in consultation with VHA Board members and ~~the Residents Panel~~. Any relevant Residents Panel

**March 2024**