



POLICY DOCUMENT

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Service Area: Finance

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1. INTRODUCTION

- 1.1 The Group aims to set and maintain rents at levels, which are affordable to existing and potential new customers, comply with relevant legislation and regulatory requirements and provide opportunities for the Group to grow and remain viable.

2. SCOPE OF THE POLICY

- 2.1 This policy applies to all stock, letting and rent types across the Group and its registered provider subsidiaries.

3. RESPONSIBILITY

- 3.1 The Director (Financial Services) is responsible for the implementation of this policy and procedure.
- 3.2 The Rent and Service Charge Compliance Manager is responsible for ensuring compliance with the Regulator of Social Housing's Rent Standard and any other legal, statutory or regulatory requirements for setting rent for the group (listed at 4.19 below).
- 3.3 The Development Team is responsible for provision of sufficient detail to enable the Rent and Service Charge Compliance Manager to accurately calculate the initial rent on occupation.
- 3.4 Housing Operations are responsible for maintaining tenancy details on the housing management system and requesting affordable housing relet rents and provision of market rent valuations.

4. POLICY

- 4.1 The approach used for rent setting and review is dependent on the tenancy type, legal and regulatory guidance as well as any specific conditions within the individual tenancy agreement and/or lease.
- 4.2 Information relating to rent setting is explained in this policy based on rent types offered by the Group.
- 4.3 Each year in December a report is presented to the relevant board(s) to consider the proposed rent reviews for all letting types ahead of

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formal approval in January of the recommended rent review for the following year. All recommendations are subject to regulatory guidance and must fully comply with the Rent Standard.

4.4 Formula rent

The formula for setting rents is contained in the Government's Policy Statement on rents for social housing (the Policy Statement). The formula uses several indices and calculations that include the 1999 valuation of a property, average earnings in the geographical location and a weighting dependent on the number of bedrooms.

- 4.4.1 Social rent letting types that can be charged formula rent include general needs, independent living, supported living (non Specialised Supported Housing (SSH)) and refuge accommodation.
- 4.4.2 When formula rent properties become available for re-letting, the rent will be set using the formula rent plus 5% rent tolerance for general needs properties and 10% for supported housing properties.
- 4.4.3 The non-SSH rent procedure (and formula rent general needs/ supported compliance checklist) will be followed to ensure full compliance with the Rent Standard for all lettings.
- 4.4.4 1999 values are verified by obtaining a valuation from an independent surveyor or if not available matched to a beacon property where the Group has a valuation. A beacon property is defined as a similar property size and type in the local area.
- 4.4.5 Where major works have been carried out to an existing tenanted property e.g. adding an extra room or extension a new 1999 valuation can be obtained. However, any changes to the rent based on the new valuation or increases in the number of bedrooms can only be applied upon re-let.
- 4.4.6 Rent reviews are carried out in line with the rent setting procedure.

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4.5 Interim rent

Interim rent, also defined as temporary social housing is not subject to the Rent Standard. Rent and service charges reviews are reviewed annually by the relevant board(s).

4.6 Affordable Rent

Affordable Rents are charged on properties that have been developed pursuant to a housing supply delivery agreement with Homes England which can include new build properties or properties that have been converted to Affordable Rent as part of the Group's agreed conversion programme.

- 4.6.1 Social rent letting types that can be charged Affordable Rent include general needs and extra care.
- 4.6.2 When Affordable Rent properties become available for re-letting the rent will be set based on 80% of market rent valuation inclusive of service charges, unless restrictions in a section 106 agreement state otherwise e.g. rent is capped at LHA rates. A new market rent valuation must be obtained at every new let and for each new development. The market rent valuation must be less than 3 months old for a re-let and 6 months old for a new development.
- 4.6.3 Where the formula rent would be higher than 80% market rent, then the formula rent constitutes a floor for the rent to be charged.
- 4.6.4 The non-SSH rent procedure (and Affordable Rent compliance checklist) will be followed to ensure full compliance with the Rent Standard for all lettings.
- 4.6.5 Rent reviews are carried out in line with the Rent Standard, allowing for a maximum increase of CPI +1%. Unless a lower cap is imposed by the government.

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4.7 Specialised Supported Housing (SSH) rent

SSH is 'excepted' from both the Policy Statement and the Rent Standard, published by the Regulator of Social Housing. Schemes will be assessed using the SSH procedure to evidence classification as SSH.

- 4.7.1 SSH rents can be charged to any scheme classified as SSH as assessed against the Group's SSH scheme compliance template.
- 4.7.2 Rents are set in accordance with scheme appraisals approved through the Financial Appraisal Team.
- 4.7.3 When a SSH property becomes available for letting the rent charged will remain unchanged from the previous let.
- 4.7.4 The SSH procedure will be followed to ensure full compliance with the SSH definition as laid out in the Policy Statement and giving consideration to the Government's Supported Housing: national statement of expectations document.
- 4.7.5 Rent reviews are carried out annually and considered by the relevant board(s). There is no prescribed maximum increase, however the rent review will take into account factors such as any specific requirement for lease rent reviews and comparison against the rent benchmark used by the Group.

4.8 Keyworker - Progress Living rent

Keyworker accommodation is delivered through a Public Private Partnership (PPP) between Progress Housing Association Limited and United Lincolnshire Hospital Trust and operates under the brand name of Progress Living. This accommodation is exempt from the Rent Standard.

- 4.8.1 Keyworker rent is charged to keyworkers occupying properties in Lincolnshire
- 4.8.2 Rents are set in accordance with the Project Agreement for the PPP scheme, which assumes an annual increase of RPI+0.5%.
- 4.8.3 When a property becomes available for letting the rent charged is based on the Project Agreement

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4.8.4 Market rents are re-evaluated every 5 years to determine if the Group is charging the correct rent. There is no legal obligation to charge a lower rent but it is a requirement of the Project Agreement

4.8.5 Rent reviews are carried out annually and considered by the relevant board(s), and must be in line with the Project Agreement.

4.9 Reside With Progress (RWP) - Leeds Independent Living Accommodation Company (LiLAC) rent

Supported accommodation is delivered through a Private Finance Initiative (PFI) scheme between Progress Housing Association (as part of a consortium with two other partners) and Leeds City Council. This accommodation is exempt from the Rent Standard.

4.9.1 Rent is charged to RWP tenants occupying properties in Leeds

4.9.2 Rents are exempt from the Rent Standard and set in accordance with the scheme's Project Agreement

4.9.3 When a property becomes available for letting the rent charged is based on the Project Agreement

4.9.4 Rent reviews are carried out annually and considered by the relevant board(s), must be in line with the project agreement and required by the Project Agreement to be in line with requirements of the Rent Standard.

4.10 Intermediate rent

Intermediate rents are charged on properties that have been developed pursuant to a housing supply delivery agreement with Homes England, which can include new build properties or properties that were part of the mortgage rescue programme.

4.10.1 Intermediate rents are charged to general needs properties, either developed on this basis or through the mortgage rescue scheme.

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4.10.2 These rents are exempt from the Rent Standard

4.10.3 Rents will be set at a percentage of the open market rent as determined by the tenancy agreement, Local Authority or other agreement

4.10.4 When a property becomes available to let a decision will be made on the rent and letting of the property on an individual basis and signed off by the Executive Director (Operations and Support)

4.10.5 Rent reviews are carried out annually and considered by the relevant board(s) and will be in line with the individual tenancy agreement.

4.11 Fair rent

Fair rents are charged on a limited number of secure tenancies that commenced prior to 15 January 1989. Fair rents are registered with the Valuation Office Agency every two years.

4.11.1 Fair rents are charged for a small number of properties located in Burneside.

4.11.2 When a property becomes available to let rents will be set in accordance with 4.12 below.

4.11.3 Rent reviews are carried out every two years and are subject to rent officer determination

4.11.4 Properties at Burneside are not social housing and therefore not subject to the Rent Standard.

4.11.5 The fair rent checklist will be followed to ensure compliance with the Group's Rent Policy.

4.12 Burneside non-registered rent

Burneside properties were purchased from Croppers Mill Plc and are not social housing and therefore not subject to the Rent Standard.

4.12.1 Burneside non-registered rents are charged to general needs non-social housing tenants

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4.12.2 When a property becomes available to let rents will be set at 80% of market rent or on individual basis to be signed off by an Executive Director on a case by case basis.

4.12.3 Rent reviews are carried out annually, considered by the relevant board(s) and will be in line with the individual tenancy agreement.

4.13 Shared ownership rent

Shared ownership low cost rental accommodation is provided by the Group and rents are set in accordance with the individual lease.

4.13.1 Shared ownership rents are not covered by the Rent Standard

4.13.2 At scheme inception rents will be set in line with Homes England guidelines (between 2.75% and 3% of market value of unsold equity)

4.13.3 Rent reviews are carried out annually, considered by the relevant board(s) and in line with individual lease requirements. However, the Group can choose to apply a lower increase if agreed by the relevant board(s).

4.13.4 The shared ownership rent compliance checklist will be followed to ensure compliance with leases and Group policy.

4.14 Dobson Close (keyworker accommodation) rent

Keyworker accommodation is provided through agreement with West Lancashire DC and Wrightington Hospital NHS Trust

4.14.1 Keyworker accommodation is excepted from the Rent Standard

4.14.2 Rents are set in line with the lease between Wrightington Hospital NHS Trust and the Group

4.14.3 Rents are reviewed annually by the relevant board(s) and in line with the lease.

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4.15 Garages and hardstandings

Garages and hardstandings are let to local residents in the Group's operational areas.

- 4.15.1 Any local tenant or resident can rent a garage or hardstanding. Rents are not covered by the Rent Standard
- 4.15.2 Rents and charges are set in line with market rents. Periodic benchmarking will take place to establish rent levels
- 4.15.3 Rent and charges reviews are reviewed annually by the relevant board(s)
- 4.15.4 Garage and hardstanding rents are subject to VAT at the standard rate where the occupier is not a tenant of the Group.

4.16 Commercial Properties

The Group owns and manages some commercial units. These are exempt from the Rent Standard. The terms of the review of commercial rents are set out in the lease.

4.17 Leasehold Properties

The Group owns and manages some leasehold units. These are exempt from the Rent Standard. The terms of the review are set out in the lease.

4.18 Abbreviations

- 4.18.1 CPI - Consumer Price Index
- 4.18.2 LHA - Local Housing Allowance
- 4.18.3 The Group – Progress Housing Group Limited and its subsidiary companies from time to time
- 4.18.4 PLC – Public Limited Company
- 4.18.5 RSH – Regulator of Social Housing
- 4.18.6 SSH - Specialised Supported Housing
- 4.18.7 VAT - Value Added Tax

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4.19 References

- 4.19.1 The Group operates in line with the Regulator of Social Housing (RSH) Rent Standard and Government Policy statement on rents for social housing. This policy follows those requirements and other legislative guidelines as referenced below.
- 4.19.2 Housing Act 1985
- 4.19.3 Local Government and Housing Act 1989
- 4.19.4 Housing and Regeneration Act 2008
- 4.19.5 Localism Act 2011
- 4.19.6 Secondary legislation under the above Acts
- 4.19.7 Welfare Reform and Work Act 2017

4.20 Data Protection

- 4.20.1 The handling of any personal data will be dealt with under the Group's Data Protection Policy which ensures compliance with the Data Protection Act 2018 and the General Data Protection Regulation.

5. IMPLEMENTATION

5.1 Training

- 5.1.1 This policy will be made available on the Group's intranet page. All employees and managers should familiarise themselves with the policy and are responsible for operating in accordance with it.

5.2 Procedure references

- 5.2.1 [Annual rent and service charge review](#)
- 5.2.2 [SSH procedure](#)
- 5.2.3 [Rent setting procedure note](#)
- 5.2.4 [Formula rent general needs – rent compliance checklist](#)
- 5.2.5 [Formula rent supported – rent compliance checklist](#)
- 5.2.6 [Fair Rent - rent compliance checklist](#)
- 5.2.7 [Affordable rent - rent compliance checklist](#)
- 5.2.8 [Shared ownership - rent compliance checklist](#)
- 5.2.9 [Intermediate rent – rent compliance checklist](#)

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6 CONSULTATION

6.1 The following groups have been consulted with in the development of this policy:

- 6.1.1 Reside With Progress
- 6.1.2 Progress Homes
- 6.1.3 The Development Team

7 REVIEW

7.1 This policy may be reviewed at any time, and will normally be reviewed annually, unless any changes are required due to legislation, good practice, regulatory requirements or business changes.

8 EQUALITY IMPACT ASSESSMENT

8.1 This policy will be subject to an Equality Impact Assessment (EIA) to follow.