

1. Our rents fund our home-building, repairs and maintenance and the services we provide to our residents. This policy explains how we set the rents we charge on our social housing lettings (including Fair Rent, Social Rent and Affordable Rent) and how we review them over time. It also explains how we set rents for other properties (including specialised supported housing, Market Rent, Intermediate Rent, rent for commercial properties and Ground Rent for shared owners and 100% leaseholders.)
2. We have a separate policy on service charges which are calculated and payable separately in some instances.

## The Guinness Policy

3. We will set rents that:
  - Comply with legal, regulatory and contractual requirements;
  - Are based on the Government's Social Rent formula, the Government's Affordable Rent formula, Rent Officer determination, commercial rates and the agreements we make with Government and others who help fund our home building programme. Which of these applies to an individual tenancy is determined by the type of tenancy agreement in use for the home or property;
  - Enable us to maximise investment in our homes and services; and
  - Are typically affordable for our tenants.

## Background

4. The policy supports the delivery of our strategic objective to meet our legal and regulatory requirements. The policy sets out for our residents, staff and other stakeholders how rents are set on properties owned by The Guinness Partnership Ltd, Guinness Housing Association Ltd, Guinness Homes Ltd and Guinness Care & Support Ltd ("Guinness".)
5. In many cases (including most cases where tenants pay Social Rent or Affordable Rent) what we do is constrained by law or regulation. Sometimes it is a condition of funding from Government or local authorities. But in some circumstances (including Market Rent, some shared ownership, care homes, specialised supported housing, commercial property and ground rent) it is not.
6. This policy includes the regulatory requirements arising from the Government's direction to the Regulator of Social Housing and policy statement on social housing rents in February 2019; and the Regulator of Social Housing's Rent Standard. An explanation of technical terms is at the end of the policy in Annex 1.

## Further detail

7. We will set rent according to factors including the terms contained within the tenancy, lease or licence agreement; the purpose of the property, local housing markets and any funding agreements made when the property was developed. Where accommodation is occupied under a licence agreement rather than a tenancy, the charges for occupation are referred to as fees rather than rent.
8. We will provide clear information to our residents at the start of their tenancy or lease about how much rent they have to pay. We will tell residents how their rent has been set upon request.

9. We will review rents in line with our tenancy, lease and licence agreements, based on statutory and regulatory requirements where applicable. We will give residents at least 28 calendar days' notice of new charges that will apply for weekly tenancies and licences, and one calendar month's notice for monthly tenancies or leases.
10. We will recalculate the rent when a home is re-let to a new tenant, following the relevant rent setting requirements and promoting the policy objectives.
11. What this means in practice for different types of home and different situations is set out below.

**What this means in practice****REGULATED RENTS***What rent will be charged on new social homes for rent?*

12. We will normally charge Affordable Rent or Social Rent on our new social homes for rent. We will normally set Affordable Rent at 80% of the Market Rent but retain flexibility under this policy to charge other rates (see paragraph 24 and following below for more detail on how we will set this.)
13. We will charge the Social Rent (and apply the rent flexibility, as appropriate, to make use of this flexibility) if:
  - We decide to do so as part of our plans to meet local housing need; or
  - There is a contractual funding condition or agreement with a partner such as the local authority.

**Social Rent***Setting the rent for new homes and relets*

14. For new Social Rent homes, we will first calculate the "formula rent" for 2000 – 2001 and then apply the uplift and rent changes set out in the Regulations until we arrive at the current rent.
15. The Regulations give us flexibility to set rents at up to 5% above formula rent for general needs housing and up to 10% above formula rent for supported housing. We will take into account local circumstances and affordability in deciding where we will apply that flexibility. We will not set rents at more than formula rent plus the additional permitted flexibility.
16. We will limit rents to formula rent in areas of low demand. We may reduce rents in exceptional circumstances where it is deemed appropriate to do so.
17. All rents will be subject to the Government's rent cap which sets the maximum amount that can be charged according to the number of bedrooms a property has.
18. Where a tenancy of a Social Rent home ends we may, if we are allowed to do so in the specific circumstances of that home, decide to re-let the property at Affordable Rent. We will take that decision in line with regulation, any contractual commitments and our overall policy objectives as set out above.

*Rent changes for current tenants of Social Rent homes*

19. For tenants who pay Social Rent and who stay in the same home, including people in supported housing, we will change the rent each year in a way which is compliant with rent legislation and current regulatory standards.
20. Rents will not be increased by more than Consumer Price Index (CPI) (at September of the previous year) plus 1% in any given year.
21. We will limit rent changes to CPI only if the existing rent is more than the permitted amount.

22. We will consider the local market context, affordability and the levels of Housing Benefit or Universal Credit available to claimant households, when deciding whether to implement a rent increase and the level of that increase. We may apply a lower increase or freeze the current rent. In exceptional circumstances we may reduce rents where it is deemed appropriate to do so.
23. We will review most rents in April each year, or when stated in the tenancy agreement if that is different. We may exceptionally review rents at other times subject to the rent increase being at least 52 weeks after the last rent increase (though not necessarily 52 weeks from the start of the tenancy agreement, so, for example, for a tenancy starting in May the rent would still be reviewed and could increase from the following April).

### **Affordable Rent**

24. We charge an Affordable Rent on properties under an agreement with Homes England or the Greater London Authority.
25. Our starting point is the Market Rent which will be based on a market valuation methodology.

#### *Setting the rent for new Affordable Rent homes*

26. When setting Affordable Rent, we will meet any commitments we have made to the Government or Greater London Authority in relation to their investment in those homes.
27. We will normally set this at 80% of the gross Market Rent but retain flexibility under this policy to charge lower rents.
28. We may decide to charge less than 80% of the gross Market Rent depending on local market conditions, affordability (including the Local Housing Allowance), or the local authority housing tenancy strategy.
29. We will charge the Social Rent (plus flexibility where used) if the Affordable Rent for the home would be lower than the Social Rent.

#### *Re-letting Affordable Rent homes to new tenants*

30. We will set the rent as set out in paragraphs 26 – 29.

#### *Re-letting Affordable Rent homes to existing tenants*

31. When we offer a lifetime periodic tenancy at the end of any Affordable Rent fixed term tenancy, we will reset the rent based on a new valuation to ensure that the new rent is no more than 80% of the current Market Rent. However, we will not increase the resulting rent to the existing tenant in these circumstances. We will decrease rents if market rents have fallen, so that the new rent is no more than 80% of the prevailing Market Rent.

#### *Rent changes for current tenants of Affordable Rent homes*

32. We will increase the Affordable Rent by no more than CPI (at September of the previous year) plus 1% in any given year.
33. We will consider the local market context and affordability, as well as the levels of Housing Benefit or Universal Credit that are available to claimant households, when deciding whether to implement a rent increase and the level of that increase.
34. We will review most rents in April of each year, or when stated in the tenancy agreement if that is different. We may exceptionally review rents at other times subject to the rent increase being at least 52 weeks after the last rent increase.

**Fair Rent**

35. Fair Rent is the name given to the regulated rent which applies to Secure Tenancies. These rents are set by the Rent Officer service. We no longer grant new tenancies of this type, except in the circumstances set out at paragraph 40 and following. We will not therefore set Fair Rent on new homes or re-lets. Instead for those homes we will set rents at Social Rent or Affordable Rent.

*Rent changes for tenants already on Fair Rent*

36. We will apply to the Rent Officer to review the rent on the second anniversary of the previous rent review date.
37. If the current Fair Rent we charge is lower than what the Social Rent would be for the home, we will ask for the new Fair Rent to be set at Social Rent (plus service charge if services are provided) in order to achieve the same rent as a similar property which has been let at a Social Rent in the local area. Any consequent increase in the rent will be capped at CPI plus 1% until the Social Rent rate is achieved.
38. If the new Fair Rent is higher than the Social Rent as calculated in accordance with the Regulations, we will use the lower Social Rent rather than the higher Fair Rent.

**Residential licenses**

39. If specific circumstances mean that the home is occupied under a license rather than a tenancy, we will charge the same amount as if a tenancy were in place.

**Other arrangements***Rent setting following major refurbishment or demolition and re-build*

40. When a property benefits from major works which materially affect the value of the property e.g. adding an extra room or an extension, we will normally recalculate the rent that we charge. This is so the rent reflects any significant increase in property value.
41. If a tenant (whether paying Social Rent, Affordable Rent or Fair Rent) returns to the same home following major works, we will not charge the recalculated rent. Instead, we will charge them the same rent that was charged prior to the improvements, subject to the rent changes in line with rent legislation and regulatory standards as applicable.
42. Where a tenant has been required to move permanently to a different home owing to demolition of their previous home, for example in the course of estate regeneration, we will charge them the same type of rent (i.e. Fair Rent, Social Rent or Affordable Rent) as their previous tenancy, unless they choose to move to a property which attracts an Affordable Rent. In those circumstances they will be charged an Affordable Rent. However, the tenant will not necessarily be charged exactly the same amount of rent as before. This is because the precise amount will depend on the calculation for the property they move to and any agreement we may in exceptional circumstances have reached with the tenant.

*Rents following a transfer to a different Guinness home*

43. If a Guinness tenant paying a Social Rent or an Affordable Rent moves to a different Guinness property, we will charge them the rent that applies to that property (whether it is Affordable Rent or Social Rent).
44. Where a Guinness tenant who has been paying a Fair Rent moves to a different Guinness property, we will charge the Social Rent and apply to the Rent Officer for a Fair Rent. If the resulting Fair Rent is higher than the Social Rent, we will charge the lower Social Rent.
45. Where a tenant takes part in a mutual exchange into a Guinness property, they will be charged the same type of rent (i.e. Fair Rent, Social Rent, or Affordable Rent) and the same amount as the tenant who has vacated the property.

*Rents charged following transfer of homes from another landlord*

46. We will charge tenants the same rent type they were being charged by their previous landlord immediately before the transfer took place. So, tenants previously paying a Social Rent will continue to do so and tenants previously paying an Affordable Rent will continue to do so.

*Homes managed by others on our behalf, where we remain the Landlord*

47. We set the rent for these homes. We will calculate and review the rent, usually either Affordable Rent or Social Rent, as set out above. We will inform the managing agent of how much rent is charged and should be collected.

*Homes managed by us on behalf of another Landlord*

48. We do not set the rent for these homes. The owning landlord will tell us how much rent is charged and should be collected.. This arrangement will be set out in a management agreement.

**NON-REGULATED RENTS****Shared Ownership***New homes*

49. Where new shared ownership homes have been funded by Homes England or the Greater London Authority, we will set shared ownership rents in line with any requirements of those funding agreements at no more than 2.75% of the value of the equity we hold at the point of sale, unless otherwise set out in the terms of the lease associated with the funding programme used to build the home.
50. We will take any Homes England or Great London Authority guidelines into account when setting the rent on shared ownership homes which are not funded by those organisations and give consideration to any local authority policy that might be in place for homes in that location.

*Rent changes*

51. We will increase rents according to the terms set out in the lease.

*Staircasing*

52. We will adjust the rent when additional shares in the home are bought by the homeowner, or when existing shares are sold. We will set the new rent as detailed in the lease.

**Intermediate Rent**

53. We will set the rent at up to 80% of the Market Rent for Intermediate Rent homes. The rent is inclusive of service charges if services are provided. We will limit rent increases to a maximum of CPI + 1% per year.

**Market Rent**

54. We will normally set the rent to maximise income, taking into account the local market, and review rents in accordance with the lease. Rents will include any service charge.
55. We will review rent levels every year or in line with the rent review clauses in the tenancy agreement and when properties become vacant.

**Ground Rent**

56. We will set the ground rent for new leasehold properties by reviewing the amount set on similar properties in the local area. We may set a fixed or increasing amount for the duration of the lease. We will limit any increases to take account of affordability for our leaseholders throughout the term of the lease.

**OTHER PROPERTIES***Specialised supported housing*

57. Specialised supported housing, even where considered to be social rented housing, is exempt from the regulatory Rent Standard requirements.
58. We will set these rents under an arrangement, typically in partnership with the local authority or NHS commissioners.
59. We will increase rents as set out in the license or lease. In the majority of cases this will be annually in April of each year. We may exceptionally review rents at other times subject to the rent increase being at least 52 weeks after the last rent increase (though not necessarily 52 weeks from the start of the tenancy agreement, so, for example, for a tenancy starting in May the rent would still be reviewed and could increase from the following April).

*Commercial properties*

60. We will normally set the rent to maximise income. Our starting point is a rent valuation by a Royal Institution of Chartered Surveyors (RICS) qualified valuer. We may choose to charge a lower rent in specific circumstances where there are social benefits to be achieved, for instance where there is a community benefit. We will apply VAT at the relevant rate if appropriate. Rents will be reviewed in accordance with the lease.

*Non-residential property*

61. We will set charges for non-residential buildings (e.g. garages) that take into account affordability for Guinness residents. Charges for non-Guinness residents will aim to maximise income in a reasonable way. We will apply VAT at the relevant rate to non-Guinness tenants.

**Period of review**

62. Our review programme is driven by risk, service improvement initiatives, changes to legislation, regulation, practice or as a result of feedback from residents and other key stakeholders. We will review this policy annually.

**Key legal and regulatory references**

- Rent Act 1977
- Housing Act 1988
- Rent Influencing Regime Guidance 2001
- Framework Delivery Agreements since 2011

- Welfare Reform & Work Act 2016 (WR&WA 2016) and the Social Housing Rents (Exemptions and Miscellaneous Provisions) Regulations 2016 as amended
- Policy Statement on Rents for Social Housing - Ministry of Housing, Communities and Local Government (February 2019)
- Affordable Housing Capital Funding Guide – Greater London Authority
- Capital Funding Guide – Homes England
- Rent Standard April 2020 – Regulator of Social Housing.

**Related policies**

- Allocations Policy
- Arrears Policy
- Decants Policy
- Service Charges Policy
- Tenancy Policy.

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<b>Policy author</b>	Marion James, Housing Policy Manager	
<b>Lead Director</b>	Suzanne Whelan, Director of Financial Reporting & MI	
<b>Policy owner</b>	Phil Day, Group Finance Director	
<b>Version history</b>		
<b>Version number</b>	<b>Review trigger</b>	<b>Brief description of the main changes</b>
1.0	Cyclical review	Information unavailable
2.0	Rent Standard Guidance 2014	<ul style="list-style-type: none"> <li>• The reference to target rents (which was calculated by a set formula) introduced by the rent restructuring framework 2002 was replaced by reference to formula rent (which is also calculated by a set formula).</li> <li>• The rent cap was previously limited to RPI plus 1% each year. This was replaced by CPI plus 1.5% from April 2015.</li> <li>• Rent increases in the previous policy was limited to RPI plus 1%. This was amended to CPI plus 1.5%.</li> </ul>
3.0	Cyclical review and Welfare Reform & Work	<ul style="list-style-type: none"> <li>• The policy was updated to incorporate WR&amp;WA 2016 requirements – primarily that associations are required to</li> </ul>

	Act (WR&WA) 2016	<p>reduce most social rents by 1% for 4 years from April 2016; and supported rents for 3 years from April 2017.</p> <ul style="list-style-type: none"> <li>• Addition of charging the Social Rent for the property if the Affordable Rent is lower than the Social Rent</li> <li>• No tolerance will be applied to the formula rent for new general needs Social Rent homes</li> <li>• Included details of how we would set the rent for social housing relet properties</li> <li>• Clarification of rents charged after a property has had a major refurbishment</li> <li>• Addition that we may reach an agreement with the tenant over the rent charged if the tenant is required to move to a different home due to demolition or redevelopment</li> <li>• Inclusion of approach to rent setting for non-residential properties.</li> </ul>
4.0	Rent Standard April 2020	<ul style="list-style-type: none"> <li>• Removal of requirement to decrease rents by 1% per year in accordance with the WR&amp;WA 2016</li> <li>• Addition of flexibility to set rents at up to 5% above formula rent for new general needs housing up to 10% above formula for supported housing, and at relet if the flexibility has not been used subject to taking into account local circumstances and affordability</li> <li>• Addition of limiting all Social Rent to the Government's rent cap</li> <li>• Addition of ability to increase rents by no more than CPI + 1% in any given year subject to the 2020 limit</li> <li>• Addition of limiting existing rents increases to CPI only if the existing rent is more than the permitted amount</li> <li>• Addition of commitment to limiting Affordable Rent to the current amount where the property is relet to an existing tenant</li> <li>• Addition of considering the local market context, affordability and levels of HB/UC when deciding whether to increase rents</li> <li>• Clarified when we may reset rents on properties following major works.</li> </ul>
4.1	Cyclical review	<ul style="list-style-type: none"> <li>• Removal of references regarding rent setting requirements which only applied in 2020-21</li> <li>• Clarification of licence charging, and commercial rent setting.</li> </ul>
4.2	Cyclical review	<ul style="list-style-type: none"> <li>• Addition of clear policy statement commitment to achieving rents that are affordable</li> <li>• Addition of reference to reviewing rents at times other than April in exceptional circumstances (subject to the terms of leases)</li> <li>• Addition of rent types we will charge following transfer of homes from another landlord</li> <li>• Inclusion of April review date for specialised supported housing</li> </ul>