

# Rent and Service Charge Setting Policy



## Who this policy is for

This policy is for all residents of Wyedean Housing Association.

## Introduction

This policy explains how we set rent and service charges and calculate any increases.

We set and maintain rents in line with the Regulator of Social Housing's Rent Standard and other relevant legislation.

We charge service charges to cover the costs of managing our properties and carrying out essential repairs, maintenance and improvements.

## The legislation, regulation and guidance that inform this policy

- Landlord and Customer Act 1985, 1987
- Rent Act 1965 and 1977
- Housing Finance Act 1972
- Housing Act 1985, 1988
- Housing and Building Control Act 1984
- Housing Association Act 1985
- Housing and Planning Act 1986
- Housing Benefit (general) Regulation 1987 (as amended)
- The Rent Acts (Maximum Fair Rent) Order 1999
- The Assured Tenancies and Agricultural Occupancies (Forms) [amendment] {England} Regulations 2003
- Welfare Reform and Work Act 2016
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Housing and Planning Act 2016
- Capital Funding Guide
- The Regulator of Social Housing's Rent Standard 2020

## Terms used in this policy

**Local Housing Allowance (LHA)** The average rent for a specific market area set by the Department for Work and Pensions and used to calculate Housing Benefit for tenants renting from private landlords.

**Social Rent** Set using a government formula and used for most rented social housing properties. Capped at LHA to be affordable. Includes service charges.

**Affordable Rent** A social rent that can be set at up to 80% of market rent. Capped at LHA to be affordable. Includes service charges.



# Rent and Service Charge Setting Policy



**Intermediate Market Rent** A non-social rent that can charge up to 80% of market rent. Includes products such as rent to buy.

**Formula Rent** The government policy for rent controls, previously referred to as target rent.

**Consumer Price Index (CPI)** A measure that examines the weighted average of prices of a basket of consumer goods and services. The CPI Index tracks price changes associated with the cost of living.

**Royal Institute of Chartered Surveyors (RICS)** A professional body for people working in the built environment, construction, land, property and real estate.

## How we set rents and service charges

When we set our rents and service charges, we consider:

- the CPI
- any new guidance from the government or other regulatory body
- any internal factors affecting Wydean Housing Association.

When the CPI rate for September is confirmed, we make a recommendation to our board on changes we need to make to rents and service charges in the following financial year.

Type of tenancy	Information	Rent increase policy
<b>General needs</b>	We use a formula system to set rent for all tenants. Changes are based on government guidelines for social and affordable rents.	Maximum CPI + 1%
<b>Shared Ownership</b>	For new shared ownership properties, the charge will be in line with the tenant's agreement or lease.	Maximum CPI + 1% Lease (New Build)
<b>Sheltered Housing</b>	We use a formula system to set rent for all tenants in sheltered housing. Changes are based on government guidelines for social and affordable rents.	Maximum CPI + 1%



# Rent and Service Charge Setting Policy



Type of tenancy	Information	Rent increase policy
Affordable Rent	Set at 80% of market rent but capped at LHA using RICS valuation methods. Annual rent changes take effect for all tenants from the first Monday in April each year. We can only rebase rent to 80% market rent for new lettings.	Maximum CPI + 1%
Rent to Buy	Intermediate products, set up as Assured Tenancies.	Maximum CPI + 1%
Garages	We review all garages and parking spaces annually. They are not regulated or subject to any legislation.	Maximum CPI + 1%

## Service charges

When we set service charges, we consider, where relevant, the total cost of the service provided—including the cost to maintain and replace the equipment we use—and value for money. We make sure we accurately identify the cost to provide each service and only charge tenants for the services they receive, along with a reasonable administration charge.

We ensure that service charges are reasonable by applying a test of reasonableness as set out in Section 19 (1) (a) of the Landlord and Tenant Act 1985, which states that service charges are payable “only to the extent that they are reasonably incurred” and Section 19 (1) (b) of the Landlord and Tenant Act 1985 which states that a landlord can only charge for services or works that are carried out to a “reasonable standard”.

We also regularly review relevant case law to ensure that we continue to take the correct approach. We review service charges annually and give tenants at least one month’s notice of any change.

Changes to annual service charges usually become effective from the first Monday in April.



# Rent and Service Charge Setting Policy

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## How we communicate rent and service charge increases

When we increase our rents or service charges, we write to tenants to give them at least one calendar month's notice of the change. In the letter, we clearly explain how we set rents and service charges and why the increase is necessary.

## Review

We review this policy every three years or when there are relevant changes to legislation or regulation.

