

# Rent and Service Charge Setting Policy

Version: 4

Last Updated: 5<sup>th</sup> November 2021



## Contents

1.	Purpose	page 4
2.	Scope of the Policy	page 4
3.	Legal and Regulatory Framework	page 4
4.	Aims and Objectives of the Policy	page 5
5.	Rent Setting Policy	page 5
	5.1 Social Rented Properties	page 5
	5.2 Affordable Housing	page 8
	5.3 Intermediate Rents	page 9
	5.4 Shared Ownership	page 9
	5.5 Garages	page 10
	5.6 High Income Social Tenants	page 10
	5.7 Market Rents	page 10
	5.8 Managing Agent Tenancies	page 11
	5.9 Other Properties	page 11
6.	Service Charge Policy	page 11
	6.1 Setting Service Charges	page 13
	6.2 Apportioning Service Charges	page 14
	6.3 Sinking Funds	page 15
	6.4 Variation to Services and Consultation	page 15
	6.5 Management and Administration Fees	page 17
7.	Universal Credit	page 17
8.	Notification of Rent and Service Charge Changes	page 18
9.	Roles and responsibility	page 19
10..	Resident Involvement	page 19
11.	Equality and Diversity	page 19
12.	Complaints	page 20
13.	Review	page 20

## Appendices

A: Version history	page 21
B. Rent Setting – Summary Table	page 22
C. Definitions	page 24

## 1. Purpose

This policy sets out Connect Housing's approach to setting rents and service charges for its different types of tenures.

## 2. Scope of the Policy

The policy applies to all tenants and leaseholders of Connect Housing on both fixed and variable service charges.

It outlines the following:

- the methods and formulas used to calculate rents for each type of tenancy at Connect Housing. This includes calculations for initial lets and re-lets
- how rents will be reviewed annually
- how service charges will be set and reviewed annually

## 3. Legal and Regulatory Framework

The policy meets the requirements of the Rent Standard (April 2020) governing how social housing rents should be set from April 2020. The Rent Standard 2020 is supported by two other regulatory documents:

- The government's "Policy statement on rents for social housing" and
- The Direction on a Rent Standard by the Secretary of State also made in February 2019

In summary, the Rent Standard 2020 stipulates the following:

- From April 2020, Associations will be allowed to increase rents by up to CPI<sup>1</sup> + 1% for the next 5 years
- Re-lets and new lets will need to be let at no more than Formula<sup>2</sup> rent with a flexibility of 5% for General Needs tenancies and 10% for Supported Housing tenancies.
- Rent increases will be limited to CPI only for any homes where otherwise the new rent would be more than formula rent plus flexibility.

---

<sup>1</sup> CPI, where mentioned, is the Consumer Price Index for September of the preceding year

<sup>2</sup> The calculation of formula rent is based on a combination of January 1999 property values, property sizes and local earnings.

## 4. Aims and objectives of the Policy

The aim of this policy is to set out Connect Housing's approach to setting rents and service charges for its properties and to ensure that the process is fair, transparent, consistent and compliant with regulation.

The objectives of this policy are:

- to ensure rents and service charges are set and varied in line with legal and regulatory requirements, in particular the Rent Standard 2020.
- to ensure service charges are set so that they recover the costs of the services provided.
- to take account of affordability for tenants when setting rents and service charges by using any flexibility allowed within set guidelines.
- to ensure information on rent and service charges and how they are set are provided clearly to new tenants at the start of the tenancy
- to ensure ongoing changes to rents and service charges are communicated clearly and in line with our legal, regulatory and contractual obligations.

## 5. Rent Setting Policy

A summary table of the below rent setting policies that will be applied to different types of tenures are included in Appendix 1.

### 5.1 Social Rented Properties

#### New Lets - General Needs Properties

Rents for newly acquired or developed general needs social rented properties will be set at formula rent with a maximum upward tolerance – “Rent Flexibility” – of 5%. The application of the Rent Flexibility of up to 5% will be approved by the Board of Management and signed off at the development appraisal process.

#### New Lets – Supported Housing Properties

Rents for newly acquired or developed Supported Housing social rented properties will be set at formula rent with a maximum upward tolerance – “Rent Flexibility” – of 10%. The application of the rent flexibility of up to

10% will be approved by the Board of Management and signed off at the development appraisal process.

#### Re-lets – General Needs

Where a social rented property is re-let to a **new tenant**, the rent will be set at formula rent with a maximum upward tolerance – “Rent Flexibility” – of 5%. The application of the rent flexibility will be approved by the Board of Management but with delegated authority to a member of the Leadership Team for local variations dependant on local market conditions and affordability.

Where a social rented property is re-let to the **same tenant**, this is considered a continuation of the same tenancy for the purposes of rent setting. There will be no new rent set, but the new tenancy will be let at the existing rent. Examples of this can be when there is a renewal of an assured short-hold tenancy, an extension of a starter tenancy, or where a tenancy moves from a joint to a sole tenancy.

#### Re-lets – Supported Housing

Rents for Supported Housing properties that are re-let will be set at formula rent with a maximum upward tolerance – “Rent Flexibility” – of 10%. The application of the rent flexibility will be determined by the Board of Management taking into consideration local market conditions and affordability.

#### Rent Cap

In all cases of re-lets and new lets, where a property is subject to the rent cap (as defined in paragraphs 11 and 12 of Appendix A to the Rent Policy Statement), i.e., the formula rent is above the rent cap, then the rent cap is to be used as the rent and not the formula rent.

#### Re-classification of properties

Where a property has been reclassified from Supported Housing to General Needs with an existing tenant in situ, special considerations need to be applied as the existing rent may be above the maximum flexibility limit allowed for General Needs properties. The new rent will be re-set at no higher than Formula Rent + 5%.

### Annual rent variations during the tenancy

Rents for existing social rented properties will be increased annually by a maximum of CPI + 1%. The actual percentage increase will be approved by the Board of Management taking into consideration local market conditions and affordability.

The exception to the above is where an increase in rent results in the rent for that property to be above the rent flexibility level (formula rent + rent flexibility) then the rent will only be increased by a maximum of CPI.

Rent increases/decreases for weekly tenancies will take effect from the first Monday in April and for monthly tenancies from the 1<sup>st</sup> April each year.

Annually the Board of Management will agree a Rent Plan which will set out the increase for the following year within the requirements of this Policy. The rent plan will take into consideration the Association's objectives and obligations for the year, the impact on residents and the levels of Housing Benefit and Universal Credit available to residents.

### Secure (Fair) rent tenancies

Some tenants with a tenancy that started before 15<sup>th</sup> January 1989 may have a regulated secure (Fair) tenancy. Tenants with Fair rent tenancies are entitled to have their rent registered and set by the Valuation Office Agency (VOA).

Connect Housing will continue to re-register fair rents with the Valuation Office Agency (VOA) every 2 years, at which time the proposed rents to be registered will have an increase of no more than CPI+1% on the existing rent charged to the tenant.

For tenancies subject to fair rent protection the maximum rent charged will be the lower of

- the rent set by the Rent Officer, and
- formula rent (subject to both the rent caps and the rent flexibility level)

Increases in the rent charged to the tenant can be applied annually and will be no more than CPI+1% in any one year, even where the existing

rent is below the formula rent and the maximum registered rent set by the VOA.

## 5.2 Affordable Housing

Affordable rents will only be charged on properties where there is a requirement to do so under any specific funding arrangements, legal requirements, or where the property was already an Affordable Rent property at the time of acquisition.

### New Lets and Re-lets

Affordable rents for all new tenants (including newly acquired or developed properties) will be set at 80% of the market rent (inclusive of the service charge).

Where the formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the property, the rent will be set at formula rent plus any service charge.

This is subject to an affordable cap in line with the development appraisal parameters as approved by the Board.

However, some Affordable Rent properties are also classed as supported housing. Where this is the case rent and service charges for these will be set in line with the guidance set out in paragraph 3.12 of the MCHLG 'Policy statement on rents for social housing', which advises that *"gross market rent comparables should be based on types and models of service provision, ideally within the local area"*

### Re-lets to existing tenants

Where an Affordable Rent property is re-let to the **same tenant**, the rent set will be re-based at 80% of market rent based on a new valuation, unless the new amount constitutes an increase greater than CPI + 1%, in which case the new rent will be set at a maximum CPI + 1% from the current rent.

If the property is re-let to the same tenant as a consequence of a probationary (starter) tenancy coming to an end, the rent must not be re-set.



Gross market rent will be calculated according to a RICS (Royal Institute of Chartered Surveyors) methodology, as per the guidance from the regulator.

#### Annual Rent Variations

The rent of an existing affordable rent tenant will not be increased by more than CPI + 1%.

### **5.3 Intermediate Rents**

Intermediate Rents (IMRs) are not subject to regulation under the new Rent Standard 2020. Rents for these properties, both for new lets and re-lets will be set at 80% of market rents inclusive any service charges, using an appropriate RICS methodology.

Rents for IMRs will be reviewed annually in April after the first 12 months of the tenancy and at re-let or renewal of tenancy. The review will involve a rebase of the rent at 80% of market rent following an appropriate RICS market appraisal.

Properties let under the IMR scheme will be subject to a deposit from the tenant. The amount to be taken as deposit will be determined by current legislation and/or any regulation (currently no more than 5 weeks rent) and the deposit will be registered with one of the government backed tenancy deposit schemes within the specified timescales.

### **5.4 Shared Ownership**

Rent setting and annual rental reviews for all shared ownership properties are also not subject to regulation under the Rent Standard 2020 and both are determined by the lease of the property, usually based on RPI.

Initial rents will be set at the time of the initial sale of the property and determined by the percentage share of property purchased under the lease.

The annual rent reviews for these will generally be undertaken as per the lease but may be increased by a lower amount subject to Approval by the Leadership Team and a notification to the Board.

## 5.5 Garages

Connect Housing no longer has any garages for let and thus this policy will not make reference to rent setting for garages.

Should we acquire any garages that can be let out to individuals then this policy will be updated.

## 5.6 High Income Social Tenants

Where properties are let to tenants with a combined income of £60,000 or more the Rent Standard does not apply and Connect Housing has the flexibility to charge a higher rent, up to a maximum of the market rent. However, applications for housing from prospective tenants in this income bracket are not common. Connect Housing do collect information on the income levels of new tenants but are not always aware of tenants' income levels throughout the life of their tenancy.

## 5.7 Market Rent

Connect Housing has some units which are let at market rent. To do this, market research and valuations are carried out using estate agents to establish the market rent for the area where the property is.

Rents for these properties will be reviewed annually in April after the first 12 months of the tenancy and at re-let or renewal of tenancy. The review will involve a rebase of the rent to the new market rent following an appropriate RICS market appraisal.

The leadership team will agree and approve all Market Rents.

Connect Housing will take a deposit for market rented properties. The amount to be taken as deposit will be determined by current legislation and/or any regulation (currently no more than 5 weeks rent) and the

deposit will be registered with one of the government backed tenancy deposit schemes within the specified timescales.

## 5.8 Managing Agent Tenancies

Connect Housing has a number of properties that are managed on behalf of Connect by a managing agent, who provide extra care and support to the tenant(s). In these cases, Connect Housing is deemed the superior landlord and as such the rents will be set and varied in line with this policy. This applies to any managing agent property that falls within the definition of supported housing in the Rent Standard 2020 and so is not classed as Specialised Supported Housing.

## 5.9 Other Properties

Rents for s106 properties will be set as determined by the s106 agreement with the Local Authority which will take account of local affordability, but still within the Connect rent and service charge policy requirements.

## 6 Service Charge Policy

Service Charges are charges made by the Association and payable by residents for services in addition to those funded by rental charges. The service charge(s) should be set at a level which covers the full cost(s) of providing the service(s).

In setting service charges Connect Housing will aim to achieve a balance between setting affordable service charges and providing cost-effective services, and achieve value for money.

It is essential to clarify both to staff and residents the items that constitute service chargeable expenditure and the process by which this expenditure is charged to tenants.

### Fixed Service Charges

Fixed Service Charges are based on an estimate of the costs of delivering a service and are based on budgets set for that service. The performance of

the budget from the previous year is used to establish the budget and hence the service charge for the next year.

Fixed Service Charges are deemed as part of the gross rent with the service charge element being 'for the services'.

The budgeting risk of any underspend or overspend is borne by the Landlord i.e., any undercharge for a particular service in any one year cannot be recovered, nor where the charge set exceeded the costs incurred would any monies be returned. The following year's service charges would be set to better match charges to costs.

### Variable Service Charges

Variable service charges can be adjusted for underspends and overspends, passing on the risk to the tenant i.e., if there is an undercharge for a particular service in any one year, the deficit can be recovered from tenants by adding the shortfall to the following year's charge or issuing a revised charge part way through the year. Similarly, if the charge set exceeded the costs incurred the surplus would be payable back to the resident, either by way of a refund, or by reducing the following year's service charge or by sending out an amendment part way through the year.

For rented housing, the Association operates a fixed service charge system for most existing and all new assured tenancies. There are some tenancies, in Kirklees & Calderdale, where the variable service charge regime remains in force as the tenants did not agree to the variation to the tenancy agreement to move from variable to fixed service charges. As these tenancies become vacant and are re-let, the properties affected will move to a fixed regime under new tenancy agreements.

Variable service charges will apply to all leaseholders.

A summary of income and expenses on each scheme will be sent to tenants on variable service charges by 30<sup>th</sup> September each year.<sup>3</sup> Any surplus or deficit will be carried over into the following year's calculations and residents with a deficit will be sent a formal s166 demand notice as

---

<sup>3</sup> The Commonhold and Leasehold Reform Act 2002 (CLRA 2002) requires any demand notice to be sent within 18 months of the costs incurring.

required by the Commonhold and Leasehold Reform Act 2002 (CLR Act 2002)

The s166 notice will be accompanied by a summary of the rights and obligations of tenants, as required by s153 of the CLR Act 2002.

The association will give one calendar month notice of service charge variations and, therefore, will aim to set the service charges by the end of January each year and for the second review of variable service charges, by the end of September each year.

## 6.1 Setting Service Charges

Service Charges are not regulated under the new Rent Standard however, the government's "Policy statement of rents for social housing" sets out that social landlords should "endeavour to keep increases within the limit on rent changes of CPI +1%" and that clear information should be provided to tenants on how the services are set.

Costs associated with service charges are influenced by some factors outside the Association's control such as fuel prices and government policy on issues such as VAT. We will, therefore, consider the impact of increases on gross rents and take into account affordability and lettability issues on schemes and where possible, will limit service charge increases to within the CPI + 1% limit on rent changes.

Where services charges are capped to comply with regulation, or for affordability and lettability purposes, these will be checked by the Senior Manager Income Services and approved by a member of the Leadership Team.

In setting service charges, the Association will use the guidance outlined in the National Housing Federation '*Service Charges - A Guide for housing associations*' which is regularly reviewed.

Service charges for new developments will be set based on the estimate of costs provided by the Development Team prior to the handover.

Service charges for all re-lets will be set as per the annual calculations undertaken at the time for rent increases.

All service charge changes (other than those relating to fair rents) will normally be applied at the time of the annual rent reviews on the first Monday of each April (for weekly tenancies) and 1<sup>st</sup> April (for monthly tenancies).

Applications to vary the service charges for fair-rent tenancies will be made every 2 years to the Valuation Office Agency along with the rent variations.

## 6.2 Apportioning and Recovering Service Charges

### General Needs

Tenants within each scheme will pay for the services being provided to their scheme, block and property. The costs will therefore be apportioned equally between all the properties on the scheme or block.

Where there are services whose usage is relative to the property size i.e. utilities, the method of apportion to be used will be by the number of rooms. For example, when re-charging for gas usage in a scheme that has one communal meter, a resident in a 2-bed flat will pay a slightly higher proportion than someone in a 1 bed flat.

However, under the Heat Network (Metering and Billing) Regulations 2014 and the Heat Network (Metering and Billing) (Amendment) Regulations 2015, Connect Housing has a duty to charge its residents only for the heat and energy they use. Over time, as part of its cyclical boiler replacement programme for communal heating systems, Connect aim to meet the requirements of this legislation through the installation of sub-meters.

When recovering service charge costs of major works from Leaseholders, the Association will impose a cap of £10,000 as required by the Social Landlords Mandatory Reductions of Service Charges (England) Directions 2014. This cap is applicable for a 5-year period.

### Supported Housing

Service charges in supported housing schemes that receive standard services like other residents and at the same level, such as grounds maintenance, provision of communal laundry facilities, etc, will be set and

administered in the same way as general needs properties. This will be the case for most older persons schemes, sheltered housing and scheme based supported housing.

However, as supported housing services become more tailored to individuals in dispersed properties, these properties require provision of furniture and goods, the cost of which is recoverable through a service charge. These service charges will be calculated as fixed service charges across the pool of properties allocated to that support service and will be apportioned by property size so that each tenant pays a fair proportion of the charge.

## 6.3 Sinking Funds

Where the Association anticipates that it must meet the cost of eventual replacement of a service chargeable item it will make a charge for that purpose. The charges will be recovered on an annual basis and based on the costs and expected life cycle of the item.

If there isn't sufficient provision within a sinking fund, then the Association will bear the cost of the replacement item but recover any shortfall through an appropriate annual usage charge.

Sinking or reserve funds for future repairs work will be established for leaseholders where there is a requirement to undertake major works. These funds will be identified and accounted for separately by scheme and annual statements will be provided to those that make a contribution.

## 6.4 Variation to Services and Consultation

If services are to be added to, or removed from a property or scheme, this must be done with prior consultation with tenants and with expressed written agreement from tenant(s) through a deed of variation.

Where a tenant requires additional services through the provision of equipment to assist with a disability or special need, the Association will only provide, or allow permission to provide by a third party (usually a Local Authority or support agency) the equipment if the tenant agrees to

meet any associated service charge, in awareness that such charges may or may not be eligible for Housing Benefit or Universal Credit Housing Costs, depending on their personal circumstances and current regulations.

Where new services are proposed to be introduced for a scheme or block, residents will be consulted on the costs of these services and any associated charges.

If service chargeable items are to be replaced, tenants should be, where possible, notified in advance and advised of the estimated impact on the service charge.

Where an error is identified in the setting of the service charge which will result in a significant increase at the next rent review (either an item omitted accidentally or significantly undercharged), all affected tenants should be notified in writing of this as soon as possible.

Where a lack of service provision is identified for a noticeable period but the tenant(s) were charged for that period Connect Housing will, in most cases, consider refunding the charges levied for any period where the lapse in service occurred.

Connect Housing is required to consult with tenants on variable service charges and leaseholders in accordance with s20 of the Landlord & Tenant Act 1985 for long term contracts and major works.

For long-term contracts (this is for contracts longer than 12months), where the costs to be recovered through service charges exceeds £100 per annum (inclusive of VAT) per unit.

Consultation on major works should be for work that is likely to cost each tenant more than £250 (inclusive of VAT). In the event of urgent works, Connect Housing can carry out the works and then seek permission from the First Tier Tribunal (FTT) to charge for the works retrospectively.

Failure to consult on the above will limit the amount that can be recovered from service charges to £100 per unit and £250 per unit for long term contracts and one-off major works respectively.



In view of the very low numbers of tenants that need to be consulted (those on variable service charges) under s20 of the Landlord and Tenant Act 1985, if Connect Housing feel it is not cost-effective to undertake the consultation, it will take a pragmatic approach and set the service charges at the cap levels.

## 6.5 Management and Administration fees

To cover some of the costs of administering services, the Association will follow the service charge guidance and apply 15% to non-depreciation items and 10% to replacement sinking fund items.

Connect Housing also reserves the right to collect from tenants and leaseholders any management charges passed on to the Association by any third-party Management Company.

## 7. Universal Credit

Under Universal Credit (UC) the treatment of service charges is the same as under Housing Benefit (HB) in that they are covered only if they fall within a list of eligible charges.

However, the rules defining a service charge to be eligible under UC are different from Housing Benefit. These rules are set out in the UC Regulations.

This means that certain services eligible under Housing Benefit Regulations are not eligible under UC Regulations.

Services that are not eligible under UC but are eligible under HB are:

- ground floor window cleaning
- maintenance and repairs to adaptations
- maintenance & repairs to care alarms
- provision of communal furniture
- intensive housing management support

Connect Housing provides services to tenants as part of the terms of the tenancy agreement. As such if a service is deemed ineligible under UC the

service still cannot be withdrawn without the prior agreement of the tenant.

If a service currently provided by Connect is deemed as ineligible under UC, tenants in receipt of UC will be expected to cover the full charges from their Housing Cost Element, unless the tenant agrees for the Association to withdraw the service.

In some instances, tenants will not be able to agree to withdraw services i.e. equipment for special needs. Where these tenants are on UC and are unable to meet the cost of these services, Connect Housing will assist the tenants for a temporary period to meet the costs through Discretionary Housing Payments or through its hardship fund.

In order to assist tenants on UC we will provide service charge schedules that will identify clearly which services are eligible or ineligible under UC.

## 8. Notification of Rent and Service Charge changes

The Association will provide clear information to tenants on the rent and service charges payable at the start of the tenancy, at the time of the annual variation and upon request.

The services to be provided will be listed clearly in a “service charge schedule” and information will be provided on how the rents and service charges have been calculated.

Variations in fixed service charges which are part of an overall rent increase will be notified to tenants in the prescribed form using Form 4 under section 13 of the Housing Act 1988.

The following sets out our timetable for communication on rents and service charges:

- Annual rent variations notices to tenants will be sent no later than 1 month before the date of the annual increase.
- Annual invoices for service charge invoices to leaseholders will be sent out at least 30 days in advance of the start of the financial year (1<sup>st</sup> April).

- Tenants and leaseholders on variable service charges will receive their annual income and expenditure summaries no later than 30<sup>th</sup> September each year.

## 9. Roles and Responsibility

The Senior Manager Income Services is responsible for the effective implementation of this policy. However, as roles and duties for specific tasks to implement this policy are dispersed across the organisation, specific roles and responsibilities are listed below:

- The Senior Manager Finance is responsible for ensuring rents and service charges are set within policy and regulatory requirements.
- The Senior Manager Income Services is responsible for overseeing the annual rent and service charge variation process.
- The Service Manager Wellbeing Services is responsible for ensuring Managing Agents adhere to this policy.
- The Service Manager Lettings and Leasehold is responsible for ensuring properties are let at the correct rent and service charge levels.

## 10. Resident Involvement

Connect Housing will regularly seek tenants' and tenants' representatives views about how they view their rents and the proposals for the annual rent policies for new lets, re-lets and the annual rent variations.

## 11. Equality and Diversity

This policy is to be applied with regard to Connect Housing's Equality, Diversity and Inclusion Policy. In charging rents and service charges, no group or individual will be unfairly disadvantaged. An Equality Impact assessment has been undertaken to confirm this.

## 12. Complaints

In addition to any statutory appeals process, Tenants may submit a complaint, using the Association's complaints procedure if it is felt that the Association has failed to correctly apply this Rent and Service Charge Policy.

## 13. Review

This policy will be reviewed annually or earlier if required by a change in legislation or regulation.

# Appendix:

## A: Version History

Version	Date	Summary of Changes
<b>Version 4</b>	November 2021	Annual review and updates from internal audit and service charge reviews
<b>Version 3</b>	October 2020	Annual review and updates from internal audit recommendations
<b>Version 2</b>	November 2019	Updated following new Rent Standard effective from April 2020
<b>Version 1</b>	December 2018	

## B: Rent Setting – Summary Table

Tenure Type	Rent increase		Re-lets and new lets
	Method/formula	Timing	
<b>General needs</b>	Maximum CPI + 1%	Annually in April after first 12months	Maximum Formula rent + 5%  If Formula rent is above Rent Cap levels then rent to be set at Rent Cap level
<b>Supported Housing</b>	Maximum CPI + 1%	Annually in April	Max Formula rent + 10%  If Formula rent is above Rent Cap levels then rent to be set at Rent Cap level
<b>Affordable Rents</b>	Maximum CPI + 1%	Annually in April after first 12months	80% of market rent inclusive of service charges using RICS unless formula rent is higher in which case re-let at formula rent plus service charge.  If re-let to the same tenant (except where it is as a consequence of a probationary tenancy coming to an end) – have to re- base at 80% of market rent but if rebase constitutes an increase greater than CPI + 1% then rent will have to be capped at CPI +1%

Tenure Type	Rent increase		Re-lets and new lets
	Method/formula	Timing	
			increase from previous rent.
<b>Intermediate Rents</b>	80% of market rent incl s/c using RICS	Annually in April after first 12months	80% of market rent inc s/c using RICS
<b>Shared Ownership</b>	As per lease	Annually in April after first 12months	As per lease but can be lower if approved by LT
<b>S106 properties</b>	As per agreement with LA	Annually in April after first 12months	As per agreement with LA
<b>Fair (Secure) Rents</b>	CPI + 1%	annually	Apply to VOA for new rent at (current rent plus CPI + 1%) every 2 years
<b>Market rents</b>	Using RICS	Annually in April after first 12months	Rebase using RICS
<b>High Income Social tenants</b>	Not applicable	Not applicable	Not applicable

## C: Definitions

Reference	Definition
Affordable Rent	A rent level set at up to 80% of local market rate inclusive of service charges
Assured Tenancy	A form of tenancy that grants some security to the tenant. An assured tenant cannot be evicted without a reason (Ground for possession).
Assured short-hold tenancy	A form of assured tenancy with limited security of tenure. This type of tenancy is used for Starter tenancies and fixed term tenancies.
Consumer Price Index (CPI)	Headline rate of inflation and reflects the movement of prices in a range of goods and services used regularly, such as food, heating, household goods, transport costs and petrol.
Fair rent	Most tenancies that commenced before 15 <sup>th</sup> January 1989 are known as Fair Rents (Secure Tenancies). Rents for these tenancies have to be registered with the Valuation Office Agency.
Formula Rent	The notional rent for each property derived from a formula set by the Government based on the size, amenities and average earnings for the region.
Intermediate Rent	Intermediate Rent is the rent level applied to a property acquired by the association without HCA funding. Rents are set between social and market rent level but not usually above the Local Housing Allowance
New let	A letting made for the first time, usually for newly acquired or developed properties.



<b>Reference</b>	<b>Definition</b>
Re-let	A letting made to a property that is as a consequence of one tenancy ending and a new tenant moving in.
Rent Cap	Rent caps apply as a maximum ceiling on the formula rent and depend on the size of the property. These are set out in the 2019/20 Rent Policy Statement and are increased by CPI + 1% each year.
Sinking Fund	An amount collected through service charges each year over a period of time to fund a future capital expense.