

Grosvenor Hart Homes: Rent Setting Policy

Grosvenor Hart Homes

Rent Setting Policy

When setting rents Grosvenor Hart Homes Limited (GHH) will comply with the Regulatory Framework for Social Housing in England and the terms of planning consents for its properties.

Where relevant, it will comply with the requirements of Homes England Capital Funding Guides and grant funding contracts, and local authority frameworks for affordable housing provision.

The rent setting policy is used for:

- Setting rents for new properties to be let to tenants
- Setting rents for existing properties to be let to tenants
- Annual rent increases/decreases.

Our rents are inclusive of any service charges.

Rent Setting

GHH provides affordable housing and as well as providing general needs tenancies, has a particular focus on provision of homes for families, children & young people who are in vulnerable positions, such as homelessness, leaving care or edge of care and, are in need of support. The long-term plan for these tenants is for them to empower themselves to achieve improved life outcomes and reduce the level of support they require.

We seek to align the rents we charge with the needs of our tenants based on understanding of the typical financial circumstances of this cohort and the nature of the accommodation made available to them. As a registered provider of social housing, we work within the requirements of the Regulator of Social Housing's (RSH) Rent Standard and associated guidance.

We will charge rent appropriately to each person in accordance with the objectives and framework set out in the Government's Policy Statement on Rents for Social Housing (as updated December 2022). This prescribes how annual in-tenancy changes in rents and rent setting for re-lets and new properties should be managed for the period April 2020 to March 2025. The existing rent settlement has been extended to 2026. The Policy Statement and associated Rent Standard include exceptions from the framework, including some intermediate rented schemes.

GHH expects to be letting properties as a registered provider from October 2024 and therefore intends to adhere to the Rent Standard as it applies at that time, where relevant.

Properties at Priory Place, GHH's first scheme, have been let at Intermediate Rent as agreed by the Board following initial discussions with Cheshire West and Chester Council and capped at Local Housing Allowance Rate.

On future schemes it is our intention to let our tenancies at Affordable Rent where planning and funding rules permit.

This policy will be reviewed and, if necessary revised, in advance of any additional schemes being acquired by GHH in other areas or including other tenures. This rent setting policy does not apply to lettings made by our sister company GHH POC.

Intermediate Rent

Intermediate Rents are set using an Affordable Rent methodology (see below). Properties will be let to households who meet the definition of Target Cohort Tenants set out in our allocations policy, and qualify by

means of their support needs or contribution to community mix, on receipt of a direct nomination from a local authority or partner agency.

Intermediate Rents (including service charge) will be calculated at up to 80% of market rent¹. When setting an initial rent GHH will consider affordability to the target client groups.

Rents will usually increase by no more than CPI+1% each year, but the board will consider the impact and implications of rent increases annually.

When a property is relet or a fixed term tenancy granted to the incumbent tenant, the rent will be reset to the agreed percentage of market levels using the permitted methodology. No existing tenant would see an increase of more than CPI+1% when rent is re-set on renewal of a tenancy.

Rents will not be above 80% of the assessed market rent for the property at the point rents are set or rebased.

Where a partner local authority requires Affordable or Intermediate Rents to be capped at Local Housing Allowance rates or otherwise set to lower than 80% of market when a property is first let; we will act in accordance with this policy.

Affordable Rent

Affordable Rents can only be charged where a Housing Supply Delivery Agreement has been agreed with Homes England.

Affordable Rents will be calculated in accordance with the methodology determined by government² which can be paraphrased as follows:

- Rents, inclusive of service charges, will be no higher than 80% of the prevailing local market rent for comparable properties at the time they are set
- Rents will be no lower than the potential Formula Rent that would be charged for the same property
- Rent setting should take account of local conditions, including local housing allowance rates
- Rents are re-set, taking account of local market rents when the property is re-let to a new or existing tenant
- Valuation methods used will be in accordance with a method recognised by the Royal Institution of Chartered Surveyors

Where a local authority requires Affordable Rents to be capped at Local Housing Allowance rates or otherwise set to lower than 80% of market when a property is first let; we will act in accordance with this policy.

When a property is re-let to a new tenant or to the existing tenant on renewal of a fixed term tenancy, the rent will be re-set using the permitted Rent Standard methodology and aligned with local authority requirements. No existing tenant would see an increase of more than CPI+1% when rent is re-set on renewal of a tenancy. Rents will not be re-set when a starter tenancy is converted to an assured tenancy.

Properties will be let to eligible households through agreed nominations frameworks that seek to meet the housing needs of our target customer groups.

GHH does not intend to implement the exemption from affordable rent policy requirements that is permitted within the Rent Standard for households with an income higher than £60,000 per year. Our allocations framework targets households that will not have incomes at this level; and therefore we anticipate that the administrative requirements to operate a policy of means testing would not be recovered by generation of additional revenue.

¹ Market rent will be assessed using a RICS approved methodology

² Ibid

Rent increases

In line with the Social Housing Regulator’s Rent Standard, annual increases will be set by the Board within the parameters set by the regulatory framework and tenancy agreements.

In advance of an annual rent increase, which will apply on the first Monday of each April, GHH will calculate the rent change based on the latest government and regulatory guidance. The board will consider the:

- Methodology used to increase the rents, including the rates of inflation applied
- Financial and other (e.g. tenant affordability) implications of applying the proposed rent increase
- Adherence to requirements of the Rent Standard.

Once approved by the Board, tenants will receive four weeks’ notice of their rent change. Information on money advice support, including that provided by GHH’s sister company, will be included with this notification.

Appeals

Any tenant who feels that their rent has not been set in accordance with the policy can appeal using the complaints procedure.

Review schedule

This policy will be reviewed annually or more frequently as a result of feedback obtained, internal/external audits or change in legislation/regulatory requirements. The board of GHH will consider and take into account the requirements of the Regulator of Social Housing, housing policies of local authorities in its areas of operation (e.g. tenancy policies), Homes England, the GLA, combined authorities and regional mayors when updating the policy.

The Housing Director has responsibility for this policy, and ultimate responsibility for performance and compliance sits with the board.

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