

Rent and Service Charge Setting Policy

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

1. Who this policy applies to

- 1.1 This policy applies to all customers (tenants and homeowners – both leasehold and freehold) of Yorkshire Housing (YH) on both fixed and variable service charges.
- 1.2 It outlines the following:
- The methods and formulas used to calculate rents for each type of tenancy at YH. This includes calculations for initial lets of newly built or acquired properties and re-lets.
 - How rents will be reviewed annually.
 - How service charges will be set and reviewed annually and passed on to customers.

2. Our commitment

- 2.1 In setting and reviewing rents and service charges YH will always:
- Comply with Government legislation and applicable regulatory requirements laid down by Homes England and the Regulator of Social Housing (RSH).
 - Ensure that the process is fair, transparent and consistent.
- 2.2 This policy ensures that:
- **Social and Affordable Rents** are set in line with government regulations. We make sure they're genuinely affordable for our customers, while also bringing in enough income to look after homes, run our services well, and invest in building more homes across Yorkshire.
 - **Intermediate Rents** are set at or below 80% of the local market rent, as outlined in the capital funding guide. They're not regulated in the same way as social and affordable rents, but we still make sure they offer good value for money.

- **Market Rents** are based on what similar homes are renting for in the local area. We aim to offer competitive rents that attract customers while also meeting our financial targets.
- **Shared Ownership Rents** are set according to the funding rules for each development, any local authority requirements (like those in a Section 106 agreement), and the terms of the lease. We make sure they're clear and fair for our shared owners.

3. Key terms explained (Rents)

- 3.1 The RSH **Rent Standard** is one of three economic standards that the RSH expects registered providers, such as YH, to comply with. It sets out the requirements around how we set and increase rents for all the social housing stock in line with government policy.
- 3.2 **The Statistical Data Return (SDR)** is an annual census of property information conducted by the RSH that **YH** must complete.
- 3.3 **S106 agreements** are agreements made as part of the planning permission for new housing. They can include **specific** requirements, such as setting a maximum rent level.
- 3.4 **The Consumer Price Index (CPI)** tracks how the cost of everyday items like food, clothing, transport and energy changes over time. It's used to measure inflation for things like benefits and wages and helps show how prices are rising or falling across the UK and other countries.
- 3.5 **The Retail Price Index (RPI)** is a measure of inflation that tracks changes in the cost of a fixed basket of goods and services over time. E.G. things like food, clothing, housing costs, and transport. It's used to show how prices are rising (or falling) and is often used in rent reviews, pensions, and some contracts to adjust payments in line with inflation.
- 3.6 However, it's worth noting that RPI has been largely replaced by CPI (Consumer Price Index) for many official purposes, as CPI is considered more accurate and internationally comparable. But some leases and agreements still refer to RPI, which is why it's still relevant in Shared Ownership rent reviews.
- 3.7 **Formula Rent** is a government-set method for working out the rent on Social Rent homes. It's designed to make sure rents are fair, consistent, and affordable across the country. The calculation for Formula Rent takes into account things like the value of the property, the average earnings in the local area and the number of bedrooms in the home.

4. How We Set Rents

Social Rents

What are Social Rents?

- 4.1 Social Rents mainly apply to homes built or bought before 2010, and to any new homes that are specifically designated as Social Rent properties.

How are Social Rents set?

- 4.2 We set Social Rents using a government formula that takes into account the value of the home and average local earnings, compared to national averages. The number of bedrooms also affects the rent as smaller homes generally have lower rents. On top of this, we apply a flexibility allowance of 5% (or 10% for Supported Housing). This is called the Formula Rent plus flexibility. If we know there's an affordability issue in a particular area, we may set the rent lower.
- 4.3 There's also a rent cap which is a maximum rent level based on the number of bedrooms in the home. We never charge more than this.
- 4.4 If services are provided like cleaning or grounds maintenance, there may be an extra charge called a service charge, which is separate from the rent.

How are Social Rents set at re-let?

- 4.5 When a Social Rent home is re-let, we apply the Formula Rent plus 5% flexibility (or 10% for Supported Housing). This is recalculated using the same government formula, which includes any previous rent changes and is still subject to the rent cap.

How are Social Rents Reviewed?

- 4.6 Once a Social Rent home is let, we review the rent annually, either in April or October depending on the tenancy agreement. These reviews follow the Regulator of Social Housing's Rent Standard and the government formula. Our Board agrees the level of increase (or decrease), with input from the Homes and Places Committee.
- 4.7 Current rules mean we can increase Social Rents by up to Consumer Price Index (CPI) plus 1%, based on the CPI from the previous September. But we still have to stay within the rent cap for that property size.

Convergence

- 4.8 Most Social Rent homes currently have rents set below the government's formula rent. The government recognises that this limits the sector's financial capacity and has announced plans to introduce Social Rent convergence from April 2026. The aim of convergence is to bring actual rents in line with formula rents over time, creating greater fairness so customers in similar homes pay similar rents.
- 4.9 More information on what convergence is, why it's being introduced and how it's being applied across the social housing sector can also be found on the following government webpage: <https://www.gov.uk/government/consultations/how-to-implement-social-rent-convergence/how-to-implement-social-rent-convergence>

- 4.10 We understand that higher rent increases can affect household budgets and social security spending. That's why the government is proposing a gradual increase, likely in the form of an additional £1 or £2 per week, for homes currently below formula rent.
- 4.11 Yorkshire Housing will work carefully to balance:
- The need to invest in better homes and services
 - The impact on customers' disposable income
 - Our commitment to fairness and affordability
- 4.12 We'll be clear and transparent about how we apply this and any changes will be made in line with tenancy agreements and regulatory guidance.

Affordable Rents

4.13 What are Affordable Rents?

Affordable Rents apply to certain homes that were built or acquired after 2010 with grant funding. They also apply to some properties where approval was granted in 2010/2011 to convert properties from Social Rent to Affordable Rent.

How are Affordable Rents set?

- 4.14 Affordable Rents are set at first let and re-let in accordance with the RSH Rent Standard at no more than 80% of the local Market Rent. Rent is inclusive of all services provided (there are no additional service charges).
- 4.15 When setting affordable rents for new-build homes, we take into account the local market context, including the Local Housing Allowance (LHA) for the area. We don't cap rents at the LHA level unless the local authority specifically asks us to.
- 4.16 When an Affordable Rent property is re-let, we review the rent using a method approved by the Royal Institution of Chartered Surveyors (RICS). This involves resetting the rent at or below 80% of the Market Rent at that time.
- 4.17 If the Affordable Rent is lower than the potential Formula (Social) Rent for the property, we may apply the Formula Rent instead which would be exclusive of service charges.

How are Affordable Rents reviewed?

- 4.18 Affordable Rents are reviewed every year in line with the RSH Rent Standard and government formula. Our Board agrees any changes with input from the Homes and Places Committee.
- 4.19 Under current guidance, Affordable Rents can be increased by a maximum of CPI (as at the previous September) plus 1%.

Fair Rents

What are Fair Rents?

4.20 Fair rents only apply to secure tenancies issued before January 1989.

How are Fair Rents Set?

4.21 Fair rents are registered with and set by the Government Valuation Office Agency's (VOA's) Rent Officer every two years.

4.22 Fair Rents do not include services charges. Where services are provided, these are added as separate charges.

How are Fair Rents Reviewed?

4.23 For Fair Rent tenancies, the weekly rent charged will always be the lower of:

- The registered fair rent set by the VOA's Rent Officer
- The Formula Rent plus flexibility (subject to rent caps and flexibility limits).

4.24 We review these rents once a year, and any increase will be capped at no more than Consumer Price Index (CPI) + 1% in a single year.

Non - Social Housing

4.25 YH also manages a group of homes that aren't classed as social housing. The RSH Rent Standard doesn't apply to these properties.

4.26 Some of these were built or bought by YH to help generate income. This income helps to support our social purpose of providing affordable homes and services to those who need them most. These homes include:

- Market Rent – homes let at full market value
- Market Sale – homes sold at market prices

4.27 We also have homes let at rents that sit between social rent and market rent. These are designed to support people who might not qualify for social housing but still need a more affordable option. These include:

- Intermediate Rent - homes let at a reduced market rent
- Mortgage Rescue - part of a now-closed scheme to help homeowners in financial difficulty
- Rent to Buy - homes that give tenants the chance to save for a deposit while renting

4.28 As well as homes, YH also rents out garages. Most of these are reviewed once a year, usually in April or October. The rent for these is also increased by CPI +1% but they're not covered by the rent standard.

Market Rents

What are Market Rents?

4.29 Market Rents are homes let at the going rate for similar properties in the local area. These rents aren't set by government rules. They're based on what's happening in the local market.

How are Market Rents set?

- 4.30 We look at what other landlords are charging for similar homes nearby. Our aim is to set rents that are fair, attract customers and help Yorkshire Housing achieve its goals.
- 4.31 When setting the rent, we consider things like:
- Where the home is
 - The size and type of property
 - Any special features or characteristics.
- 4.32 The rent usually covers all the services we provide. Sometimes, there might be extra charges for things like water or parking. If there are any extra costs, these are listed in Tenancy Agreements.

How are Market Rents Reviewed?

- 4.33 Market rents are reviewed every year on the anniversary of the tenancy to make sure they stay in line with local market rates and continue to offer good value. If there are any changes, we'll let customers know at least 2 months in advance as per the Renters Rights Bill.

Intermediate Rents

What are Intermediate Rents?

- 4.34 Intermediate Rents are a type of affordable housing where the rent is set below the usual market rate. They're designed to help people who can't quite afford to rent privately but don't qualify for social rent. This includes homes offered through schemes like Rent to Buy.

How are Intermediate Rents set?

- 4.35 When we set the rent for an Intermediate Rent home, including Rent to Buy tenancies, we make sure it's no more than 80% of what it would cost for a similar property on the open market at that time. If a home comes with furniture, white goods, window coverings or floor coverings, the rent will reflect what's included so it's fair and in line with similar furnished homes in the area.

How are Intermediate Rents Reviewed?

- 4.36 We review rent levels as set out in tenancy agreements. For fixed-term tenancies, the rent will be reviewed every year on the anniversary of the tenancy. At the end of the fixed term, the tenancy may become periodic (rolling on month-to-month or week-to-week) and we'll keep reviewing the rent annually until the tenancy ends.
- 4.37 Although the Mortgage Rescue scheme is now closed, some tenancies are still linked to it. For these homes, the rent was originally set based on a financial assessment of the property and Yorkshire Housing's internal decision-making process. Rent for these will be reviewed as set out in the tenancy agreement.
- 4.38 Rent levels will also be reviewed when properties become vacant and the new rent level will apply when a property is re-let.

Shared Ownership

What is Shared Ownership?

- 4.39 Shared Ownership is a part-buy, part-rent scheme that helps people take their first step onto the property ladder. A share of the home is bought, usually with a mortgage, and rent is charged by Yorkshire Housing on the part that isn't owned.
- 4.40 A customer can increase the share they own over time through a process called staircasing and in most cases, a customer can staircase all the way to 100% ownership.

How are Shared Ownership Rents set?

- Gross Rent is based on a percentage of the property's value and is set when the home is first built or bought, in line with our investment criteria.
 - Net Rent is the amount of rent charged, based on the share of the property not owned. For example, if a customer owns 60%, they'll pay rent on the remaining 40%. Rent is capped at no more than 2.75% of the unsold equity.
- 4.41 If the home is a flat or part of an estate with shared spaces, there may also be a service charge to pay to cover the cost of maintaining those areas.

4.42 How are Shared Ownership Rents Reviewed?

We review the rent each year based on what's set out in a Shared Ownership lease. Most leases say rent will go up in line with the Retail Price Index (RPI) plus 0.5%. We don't revalue the property again after the first rent is set.

- 4.43 From October 2023, the government introduced a new rent policy for Shared Ownership homes. For new homes, (unless they were already contracted by October 2023 under the Affordable Homes Programme) rent increases will follow Consumer Price Index (CPI) plus 1% each year.
- 4.44 The lease will include:
- Review Month – when we look at the rent each year.
 - Relevant Month – the month we use to get the RPI or CPI figure for the increase.

Resales and Staircasing

- 4.45 If a customer sells their share of the home to another Shared Owner, the rent stays the same. We'll keep reviewing it each year as the lease sets out.
- 4.46 If a customer decides to buy more of their home, (this is called staircasing) the rent will go down to reflect the bigger share they now own. A customer can staircase at any time after they first buy their home, even during a resale.

Mutual Exchanges and Transfers

- 4.47 If a customer swaps their home with another customer through a mutual exchange, the rent for the exchanged properties won't go up at the time of the move. However, the rent will still be reviewed every year in line with the Government's Rent Standard and formula.
- 4.48 If an existing customer moves to another Yorkshire Housing home through a Transfer, the new rent may be increased. Any changes will follow the rules set out in this policy.

5. Key terms explained (Service Charges)

- 5.1 **Usage & Maintenance Charges** (Previously known as "Service Charge Provisions") are charges for services provided to customers, like lifts, door entry systems or communal equipment, which need regular maintenance and will eventually need replacing. To cover these costs fairly, we apply Usage & Maintenance Charges.
- 5.2 **Sinking Fund - Homeowners**
Some leaseholders or freeholders may pay into a sinking fund. This is a savings pot built up over time to cover the cost of major works or improvements, like replacing a lift, redecorating communal areas, or upgrading a door entry system.
- 5.3 **Fixed service charges** are set once a year and are based on either last year's actual costs or the latest contract prices we've got. These charges can be updated up to twice a year if needed. If there's a difference between what was charged and what the service actually cost, Yorkshire Housing will cover the shortfall or receive the surplus.
- 5.4 **Variable service charges** are based on the actual cost of the services provided. We'll provide an estimate at the start of the financial year, and once the year ends, we'll compare that estimate to the actual costs. What happens next depends on the Tenancy Agreement. It might mean a refund or an extra charge, or the balance could be carried forward to next years' service charge.
- 5.5 Most of Yorkshire Housing's tenancy agreements for Social Rent include fixed service charges. However, around 250 tenancies in the Craven local authority area have variable service charges.
- 5.6 For leasehold and shared ownership properties, as well as some outright sale/freehold homes, the lease or deed will include a variable service charge.

6. How we set Service Charges

What are Service Charges?

- 6.1 Service Charges are charges that are payable by tenants, leaseholders, or freeholders to cover the cost of specific services that aren't included in the rent. These might include things like cleaning shared areas, maintaining gardens, or looking after lifts and communal lighting.

What is included in Service Charges?

- 6.2 When we're planning new developments, we always look for ways to keep service charges as low as possible for our customers. We do this by:
- Choosing the right facilities and services for each development, so customers are only paying for what's really needed.
 - Providing services ourselves where we can, instead of using external managing agents—this helps keep costs down.
 - If play areas are needed, we aim to use natural, low-maintenance features like boulders and grassy mounds where possible, rather than expensive equipment.
 - Working with local councils to get as much of the new roads and paths adopted as possible, so customers aren't paying extra for their upkeep through service charges.

Usage and maintenance charges are made up of two parts:

- Usage Charge – This covers the cost of replacing major items over time. We calculate this by taking the full replacement cost (including installation, VAT, and inflation), then spreading it over the expected lifespan of the item. Everyone who benefits from the service pays an equal share each year, based on their rent payment frequency.
 - Maintenance Charge – This covers the cost of regular upkeep, like annual servicing or inspections.
- 6.3 This approach ensures that all customers who benefit from these services contribute fairly—no matter when they move in or out of the property.
- 6.4 Sinking funds help avoid large one-off bills by spreading the cost over several years. Here's how it works:
- We calculate the total cost of replacing or upgrading the item (including installation, VAT, and inflation).
 - That amount is divided by the item's expected lifespan to give an annual contribution.
 - Everyone who benefits from the service pays an equal share.
- 6.5 Sinking funds are held by Yorkshire Housing, and we report the balance to homeowners every year. These funds also earn interest, which is calculated annually based on the average base interest rate from the previous financial year.
- 6.6 Our goal is always to deliver good value for money and keep service charges fair and affordable. Wherever possible, we design services that meet the needs of current customers while making sure the scheme stays affordable and sustainable in the long run. This is always done within the rules of the Tenancy Agreement and any legal or regulatory requirements.

Admin and Management costs

- 6.7 To help manage the services we provide, an administration charge is included in all service charges. This covers the cost of running our service charge team, IT systems, producing correspondence, accounting, and general overheads.
- 6.8 Homeowners also pay a management fee. This covers the cost of managing accounts and providing services specifically for homeowners.

- 6.9 In some cases, a third-party Management Company may be involved in delivering services. If they pass on any management charges to Yorkshire Housing, we reserve the right to recover those costs from tenants, leaseholders, or homeowners.

Who do they apply to?

- 6.10 The Landlord and Tenant Acts 1985 and 1987 set out the legal rules for service charges in rented and leasehold homes. These laws are designed to make sure service charges are fair, transparent, and reasonable.
- 6.11 Service Charges apply to social rent tenants, commercial and residential leaseholders, shared owners, freeholders, YH customers via Service Level Agreements and Managing Agent Contracts.
- 6.12 For leaseholders living in blocks of flats or maisonettes, service charges will also cover the cost of looking after the building itself. This includes things like:
- Repairs and replacement of the roof
 - Maintenance of external walls and brickwork
 - Upgrades and repairs to shared areas like hallways, stairwells, and entrances
- 6.13 These charges help make sure that buildings stay safe, secure, and in good condition for everyone living there.
- 6.14 For Affordable Rent, Intermediate Rent, or Market Rent properties, the rent already includes the cost of shared services so there's no separate service charge for things like cleaning communal areas or maintaining shared spaces.
- 6.15 However, for Intermediate and Market Rent properties, personal service charges may still apply. These are extra costs linked directly to a customer's home, and could include:
- Gas, electricity, or water
 - Parking spaces
 - Care or support services specific to the property
- 6.16 Yorkshire Housing doesn't make a profit from service charges. We simply aim to recover the full cost of providing and maintaining services and equipment for our customers, plus a small fee to cover administration.

Procuring Services

- 6.17 Procurement is about more than just getting the best price. It's about making sure every pound we spend delivers value for money for our customers and our organisation.
- 6.18 We do this by balancing:
- Cost – making sure we're spending wisely
 - Quality – choosing goods, services, and works that meet our standards
 - Long-term benefits – thinking ahead to avoid unnecessary future costs
- 6.19 Procurement considers the total cost of ownership, supplier performance, and risk—not just the upfront price. Through strategic sourcing, effective contract management, and regular

reviews, we make sure our spending supports Yorkshire Housing's goals in a way that's efficient, sustainable, and fully compliant with Public Procurement regulations.

How are Service Charges reviewed?

- 6.20 Service charges will be shared fairly between all customers who benefit from the service.
- 6.21 We'll always use a clear and transparent method to calculate and divide the charges. Where the lease or agreement sets out how charges should be worked out and shared, we'll follow those terms.

Consultation

Social Rent Tenancies

- 6.22 If a new service charge is introduced, we'll consult with customers and give them the chance to share feedback or raise concerns.
- 6.23 If any individual part of a service charge increases by more than £3 per week, we'll provide more detailed information in writing before the annual rent and service charge review.
- 6.24 If equipment (like white goods or furnishings) is provided to a specific property, Yorkshire Housing may consider gifting the item to the customer, making it their responsibility going forward. This will only happen after consultation with the customer.

Schemes with a Scheme Manager

- 6.25 Customers living in schemes with a Scheme Manager will be consulted by a member of the Communities Team before the annual rent and service charge review. This will be done in person where possible, or by letter if not.
- 6.26 Scheme Managers will also consult with customers individually and as a group to make sure services are being provided and meeting needs and to ensure that charges are clearly understood.

Leaseholders and Variable Service Charges

- 6.27 For leaseholders and some social rent tenants who pay a variable service charge, Yorkshire Housing will carry out formal consultation when:
- Major works are planned that will cost any individual more than £250
 - A long-term contract (over one year) is proposed that will cost more than £100 per year
- 6.28 This is a legal requirement under Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002. There isn't a limit on the number of consultations that can be held and so there may sometimes be multiple consultations within a single year.

Rent and Service Charge review notifications

6.29 We'll always give customers advance notice before making changes to rent or service charges:

- Social, Affordable, Intermediate Rent, and Shared Ownership customers will receive at least one calendar months' notice in writing, unless the tenancy agreement, lease, or transfer document says otherwise.
- Market Rent customers will receive at least two calendar months' notice in writing.

6.30 Each year, we'll provide:

- A breakdown of service charges, showing what each part covers where applicable
- Advice and information about eligibility for Housing Benefit and Universal Credit
- A balancing statement for customers paying variable service charges, showing actual costs—this will be sent no later than six months after the end of the financial year

6.31 If a customer benefits from a service, they're expected to contribute to its cost. If service charges aren't paid, we'll follow our arrears procedures to recover the amount owed.

7. Complaints and Appeals

7.1 Where a customer has a complaint regarding their rent and/or service charge, this should be communicated in writing, email or over the phone to:

Email: customerservices@yorkshirehousing.co.uk

Web/Phone: www.yorkshirehousing.co.uk / 0345 366 4404

In Writing: The Place, 2 Central Place, Leeds LS10 1FB

Social Media: Twitter and Facebook @yhousing

7.2 Rents are reviewed based on what's set out in the tenancy agreement, which means there's no automatic right to appeal a rent increase. However, if a customer believes their rent hasn't been set in line with this policy, they can raise a formal complaint through our complaints process.

7.3 If a customer wishes to appeal a variable service charge, they can do this through the First-tier Tribunal (Property Chamber).

8. Who makes this happen?

8.1 Delivering fair and accurate rent and service charges is a shared responsibility across Yorkshire Housing. While the **Head of Financial Operations** oversees the overall implementation of this policy, many teams play a key role in making it happen:

Rent and Service Charge Manager

Ensures rents and service charges for Social, Affordable, and Intermediate Rent tenancies are set in line with policy and regulations.

Rent and Service Charge Coordinator

Manages the rent and service charge review process—making sure charges are correctly applied, review letters are sent, and updates are shared with colleagues and local authorities.

Homeownership Manager

Oversees rent and service charges for homeowners, ensures accuracy, leads annual reviews and consultations, and prepares service charge accounts.

Commercial Assets Manager

Ensures rents for Market Rents are set in line with policy and regulations.

Schemes and Supported Housing Manager

Makes sure Managing Agents follow this policy.

Housing Services Manager – Communities

Ensures Social and Affordable re-let properties are let at the correct rent and service charge levels.

Asset Management team

Provide cost data and manage contracts that feed into service charge calculations.

Income Team

Collects rent and service charges from customers and verifies rent details through the Universal Credit portal

9. Making it fair for everyone

- 9.1 Fairness and inclusion are at the heart of everything we do.
- 9.2 This policy is applied in line with Yorkshire Housing's Equality and Diversity Policy. We aim to set rents and service charges consistently and fairly—regardless of race, ethnicity, nationality, gender, disability, religion, marital status, maternity, sexuality, sexual orientation, or age.
- 9.3 We'll make reasonable adjustments to ensure all customers can access and understand information about their rent and service charges.
- 9.4 Yorkshire Housing offers a range of tenancy types and rent levels to meet the diverse housing needs of our communities.

10. Keeping track and improving

- 10.1 We regularly review this policy to make sure it reflects current legislation and best practice. Here's how we monitor and report on it:
- 10.2 Rent setting is subject to internal audit.
 - The Homes and Places Committee advises the YHL Board on how rent changes affect customers.
 - We ensure compliance with the Regulator of Social Housing (RSH) Rent Standard when completing the annual Statistical Data Return (SDR).
 - The RSH compliance audit tests our rent-setting processes.
 - All service charge spending is recorded and monitored monthly against budget.
 - Service charges are reviewed annually:

- For social rent tenants: during either the April or October rent reviews.
- For leaseholders and freeholders: every April.

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| Date approved | 26 th November 2025 |
| Approved by | YHL Board |
| Recommended / scrutinised by | Directors, and Homes and Places Committee |
| Summary of changes | Rewritten in YH tone Restructured with separate sections on each rent type Introduced section on convergence Updated consultation criteria Replaced provisions charge with usage charge Updated notice period for notifications for Market Rents as per Renters Rights Bill |
| Frequency of review | Annual reviews to be carried out each January to ensure continued compliance with RSH Rent Standard and Homes England Capital Funding Guide. |
| Next review date | November 2028 |
| Lead officer | Director of Finance |
| Associated policies or guidelines | Rent and Service Charge Collection Policy Tenancy Policy Rent to Buy Policy Leaseholder Management Policy Scheme of Delegation |
| Associated procedure | Service Charge Procedure |

Annex 1: Supporting information

| Tenancy Type | Rent setting at first let | Rent reviews and re-lets | Legislation and Regulation |
|-----------------|--|--|---|
| Social Rent | <p>The rent is calculated using the formula set out by government based on average rent, property values, size and regional earnings. This is called ‘formula rent’. Service charges can be added to the rent.</p> <p>A flexibility allowance (flex) of 5% for general needs and 10% for supported housing tenancies can be added to the formula rent.</p> <p>If Formula Rent plus the flex is above the Rent Cap then rent has to be set at the Rent Cap level.</p> <p>Responsibility: Director of Development and Homeownership</p> | <p>Rent review is subject to the government formula in operation for that particular year and subject to YHL Board’s view on whether to apply the full increase. From April 2026 properties with a rent below Formula Rent will also be subject to the additional amount allowable under convergence.</p> <p>For April 2026 the net rent (exclusive of service charges) is subject to an increase of CPI (from previous September) plus 1% and convergence for those below Formula Rent.</p> <p>Upon re-let, rent is charged at the Formula Rent plus flexibility but subject to a cap at the Rent Cap levels.</p> <p>Responsibility: Director of Finance</p> | <p>These tenancies are subject to the regulatory requirements of the RSH Rent Standard.</p> |
| Affordable Rent | <p>Rent is determined by financial and sustainability considerations and the New Homes Strategy.</p> <p>The rent is calculated to adhere to the requirements in the Rent Standard so that a maximum of 80% of market rent applies for all properties as an upper limit.</p> <p>The rent is fully inclusive of all services provided – there are no additional service charges.</p> <p>Where the formula rent is higher than the 80% of market rent then formula rent plus</p> | <p>Rent review is subject to the government formula in operation for that particular year and subject to YHL Board’s view on whether to apply the full increase.</p> <p>For April 2026 the gross rent is subject to CPI (from previous September) plus 1%.</p> <p>Upon re-let rent is recalculated to adhere to the requirements in the Rent Standard so that a maximum of 80% of market rent inclusive of service charges applies unless the formula rent is higher in which case the formula rent can be applied plus any additional service charges.</p> | <p>These tenancies are subject to the regulatory requirements of the RSH Rent Standard.</p> |

| Tenancy Type | Rent setting at first let | Rent reviews and re-lets | Legislation and Regulation |
|--------------|---|--|----------------------------|
| | flexibility may be charged plus any additional service charges. Responsibility: Director of Development and Homeownership | Responsibility: Director of Finance | |

| Tenancy Type | Rent setting at first let | Rent reviews and re-lets | Legislation and Regulation |
|---------------------|---|---|--|
| Secure (Fair) Rents | These are legacy tenancies for people that took up their original tenancy before 15 th January 1989. The rent and any subsequent changes are set by the Valuation Office Agency (VOA) Rent Officer Responsibility: Director of Finance | Fair Rents are registered every two years with the VOA. The rent will be reviewed annually and increased by no more than CPI + 1%. The maximum charged will be the lower of the registered rent set by the VOA and formula rent plus the rent flexibility level (subject to both the Rent Cap). The process for rent reviews is set out in the Rent Act 1977. On re-let rents are set at social rent (or affordable rent where applicable and permitted). Responsibility: Director of Finance | Rent Act 1977. These tenancies are subject to the regulatory requirements of the RSH Rent Standard. |
| Rent to Buy | Rents are set below market rent (usually 80%) providing an opportunity for tenants to save toward a deposit to purchase the property after 5 years at an agreed price. Responsibility: Director of Development and Homeownership | Rents are reviewed annually on the anniversary of the tenancy agreement in accordance with the Tenancy Agreement at CPI plus 1%. Responsibility: Director of Finance | These tenancies are <u>not</u> subject to the regulatory requirements of the RSH Rent Standard. |

| Shared Ownership | <p>The rent portion is set based on the % of equity owned by YH, using an agreed formula.</p> <p>Responsibility: Director of Development and Homeownership</p> | <p>Reviews are carried out in accordance with the terms of the specific lease. In most cases reviews are annual and increased by RPI + 0.5%.</p> <p>From Oct 23 rents for new Shared Ownership (SO) can be increased by CPI plus 1%, SO homes already in contract at this point to deliver under the Affordable Homes Programme are exempt from this change.</p> <p>Responsibility: Director of Development and Homeownership</p> | <p>Housing Act 1988. These tenancies are <u>not</u> subject to the regulatory requirements of the RSH Rent Standard.</p> |
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| Tenancy Type | Rent setting at first let | Rent reviews and re-lets | Legislation and Regulation |
| Intermediate Rent (Including Rent to Buy and Mortgage Rescue) | <p>Rents are set below market rent level, generally not exceeding 80% of market rent.</p> <p>Responsibility: Director of Development and Homeownership</p> | <p>Rents are reviewed annually on the anniversary of the tenancy agreement in accordance with the Tenancy Agreement. Where Tenancy Agreements do not specify a rent review formula changes are informed by an internal market rent valuation. The actual rent is then set at up to 80% of market rent. Re-let rents are also subject to the same review as outlined above.</p> <p>Responsibility: Director of Finance</p> | <p>These tenancies are not subject to the regulatory requirements of the RSH Rent Standard.</p> |

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| Market Rent | <p>Rents are set at 100% of the market rate for the area, type and size of property.</p> <p>Responsibility: Director of Development and Homeownership</p> | <p>Rents are reviewed annually on the anniversary of the tenancy agreement and any changes are informed by an internal market rent valuation.</p> <p>Re-let rents are also subject to the same review as outlined above.</p> <p>Responsibility: Director of Finance</p> | <p>These tenancies are not subject to the regulatory requirements of the RSH Rent Standard.</p> |
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