

POLICY NUMBER:	GEN-03	DATE REVIEWED BY BOARD:	NOV 2024
DEPARTMENT:	FINANCE	DATE OF NEXT REVIEW:	NOV 2025

1. Purpose and context

- 1.1 This policy provides a framework for setting and increasing rents within the law, and underpins the delivery of our strategic business plan objective of increasing revenue income. This policy also sets out the background context and rationale for the rents charged to customers by Luton Community Housing Ltd trading as Squared, hereafter "Squared".
- 1.2 Squared will set its rents according to the regulations (particularly within s. 2 of the guidance) <https://www.gov.uk/government/publications/limit-on-annual-rent-increases-2024-25-from-april-2024> and any relevant government instructions related to social and non-social housing accommodation types. This rent policy applies to rents regardless of eligibility for Housing Benefit/Universal Credit.
- 1.3 For social housing the current rent formula is an annual increase of Consumer Price Index (CPI) plus 1% until April 2026. In 2024-2025, this formula rent inflation rate is 6.7%, therefore these rent increases are limited to 7.7%.
- 1.4 For non-social housing properties we calculate the rent required to cover running costs such as housing management, repairs, staff costs and contribution to central costs while ensuring tenancies are sustainable taking Local Housing Allowance (LHA) rates into account and benchmarking our rents to social and market rents.

2. Scope of this policy

- 2.1 This policy applies to the setting and increase of rents charged to Squared's social and non-social rent customers.
- 2.2 Factors for social rent customers
 - 2.2.1 The formula rent per property is calculated for new properties built based on the following factors: -
 - 2.2.1.1 National Average rental value £53.50 for all property types in January 1999

- 2.2.1.2 Weighting factor per property, Bedsit = 0.8, 1 Bed = 0.9, 2 Bed = 1, 3 Bed = 1.05, 4 Bed + = 1.10 with increases to 3 bed = 1.10, 4 bed = 1.20, 5 bed = 1.30 and 6+ = 1.40 from 1 April 2007.
- 2.2.1.3 Property Valuations as of 1 January 1999 for the local area (with some 21 properties valued independently), as compared to the national average property price of £49,750 for all property types, equating to a ratio then multiplied by the average rent (£53.50) and then by 30%.
- 2.2.2 A National average weekly wage of £316.70 in 1999, compared to a local area weekly wage in Luton of £343.70, equating to a ratio which is then multiplied by the average rent (£53.50) and then by 70%.
- 2.2.3 The above calculation then produced the formula rent for Squared for the year up to 31 March 2000.
- 2.2.4 The formula rent figure was then subjected to an uplift year on year. This uplift was based on RPI + 1% for the first two years and RPI + 0.5% plus/minus £2.00 (maximum) for all subsequent years until 2015/16. From 2016/17 to 2019/20 rent regulations mandated a 1% rent reduction year on year for 4 years for General Needs rents, however, Supported Rents and Service Charges were exempt until 2017/18.
- 2.2.5 Supported Housing rents are restricted to 10% above formula rent and General Needs rents are restricted to 5% above formula rent.
- 2.2.6 For 2020/21, post rent cutting years, social rents were restricted to the current percentage above formula in the first year of increase after the rent-cutting period has ended regarding the average actual weekly rent as the basis, not just the last rent charged. Plus or minus £2.00 removed from rent formula of CPI +1% from 2020/21 to 2022/23 and rent restriction to formula +5% back in place. Rent cap of 7% mandated by government despite CPI levels of 10.1%. 2024/25 rent formula re-instated CPI +1%.
- 2.2.7 There is also a restriction by way of rent caps for social housing which vary by the number of bedrooms. For social housing rents as rents are much lower than market rents, our rents remain within the caps.

2.3 Affordable social rents

- 2.3.1 Affordable rents are set at 80% of gross market (including service charges) rent at time of build. These rents are amended in line with the social rent policy guidance of CPI + 1% as long as they do not exceed the 80% of gross market rent above.

2.4 Fair rents

- 2.4.1 Fair rents are determined by the Valuation Office rent officers on receipt of application for fair rent valuation from Squared every 2 years in accordance with the UK Rent Act 1977 and also amended in line with social rent regulations.

2.5 Service Charges

- 2.5.1 Fixed or Variable service charges are made separately, to cover costs in providing additional and communal services such as gardening, lighting, cleaning, heating, door-entry and equipment servicing (see Service Charge Policy GEN 34).

3. Roles and responsibilities

3.1 Employees

- 3.1.1 Squared employees responsible for calculating rents and/or communicating with customers about rent charges must familiarise themselves with the contents of this policy.

3.2 Customers

- 3.2.1 Copy of this Rent policy is available to all customers on request.

4. Definitions and reference to legislations used in this policy/Data sources

- 4.1 Department of Levelling Up, Housing and Communities website: Policy Statement on rents for social housing <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>
- 4.2 UK Regulator of Social Housing guidance: Rent Standard 2020 and Limit on annual rent increases 2024-25 (from April 2024)
<https://www.gov.uk/government/publications/rent-standard-2020>
and
<https://www.gov.uk/government/publications/limit-on-annual-rent-increases-2024-25-from-april-2024>
- 4.3 Act or Parliament: Rent Act 1977
<https://www.legislation.gov.uk/ukpga/1977/42/data.pdf>
- 4.4 Equality Act 2010 <https://www.legislation.gov.uk/ukpga/2010/15/contents>

5. Main Body (how we will meet our obligation)

5.1 Equality & Diversity

- 5.1.1 Squared operates a policy of equality and diversity. As such, no person will be treated less favourably than any other person because of their race, religion or belief, gender, sexual orientation, disability or another identifiable characteristic that may attract injustice.

5.1.2 We have undertaken a Fairness Impact Assessment to ensure this policy is fair and equitable to all leaseholders regardless of their race, religion, age, gender, sexual orientation, disability or other characteristics in accordance with the Equality Act 2010.

5.2 We must periodically revisit the appropriate guidance from the UK Regulator of Social Housing and the Department of Levelling Up, Housing and Communities to stay abreast of any relevant developments in this area.

5.3 Regardless of the regulatory environment, we must also continuously balance any rent increases against affordability for our customers. Customers are encouraged to advise of any difficulties paying their rent in order for us to assist them to access available hardship funds.

6. Compliance and Monitoring

6.1 This policy will be reviewed annually and/or in response to any significant regulatory, legislative, or political changes likely to change the operating context.

7. Other Relevant Policies

This policy should be read in conjunction with the following:

- GEN 01 Fairness Policy
- GEN 34 Service Charge Policy
- GEN 36 GDPR Policy

Squared Impact Assessment

Please assess the impact this policy has on the following areas:

Squared Values No impact
Fairness Positive impact Policy provides a fair method of calculating rents for all our customers regardless of any Equality Act protected characteristics. Customers have benefitted from 4 years of rent reduction from 2016-2020, which means the impact of the rent increase is mitigated partially by having to use a lower base than would have been the case prior to the rent reduction period. Negative impact Current low supply of new social housing combined with the high cost of the private rented sector in Bedfordshire have impacted adversely on those groups whose incomes are average or below average. Older and disabled customers may be experiencing economic hardship due to the cost of living crisis, and increases in energy, food and fuel costs. Older and disabled customers may be more impacted due to additional heating needs, and may also have lower income and/or pension and/or benefits (which have been increased in line with inflation). Current economic challenges present a disproportionate risk to older people and those with underlying conditions, resulting in them incurring extra costs that may affect their ability to pay their rents. Unequal impact As increases apply to all properties, it is not possible to exempt any particular groups, such as older people and the disabled. There is no evidence that other groups of customers with other protected characteristics are impacted more than the older and disabled groups. Those on Housing Benefit and Universal Credit Housing costs will not be as affected by the rent increases as their benefit awards will be recalculated.
Environmental Negative impact We use electronic mail service who print and post the letters. Positive impact Paperfree customers using our self service portal to access their rent letters help reduce carbon footprint.

GDPR

No impact