

Rent Policy

1. What this policy is about

- 1.1 This policy sets out how Livv Housing Group will set initial rents for new customers and conduct rent reviews for existing customers.

2. Our approach

- 2.1 Livv Housing Group will set and maintain rents that are affordable for customers in the localities in which we operate, including customers who are on low incomes.
- 2.2 Initial rent setting and annual rent reviews will be conducted in accordance with:
 - For tenants, the requirements of the Rent Standard 2023 and the specific conditions of individual tenancy agreements; and
 - For shared owners, the requirements of the Capital Funding Guide and the specific conditions of the individual leases, with increases for new shared owners (from 12 October 2023) to be subject to an annual maximum increase of CPI+1%.

Social Rents

- 2.3 The maximum weekly rent for a customer who is granted a tenancy of the accommodation for the first time is formula rent.
- 2.4 Social rents for re-lets will be set in accordance with the formula rent approach set out in the Rent Standard with the use of flexibility guided by our rent planning.
- 2.5 If the accommodation is supported housing the rent set may include an upward tolerance (flexibility) of up to 10% of the formula rent. If the accommodation is not supported housing this upward tolerance (flexibility) may be up to 5%.
- 2.6 Where there has been a succession or a mutual exchange the rent level will not be revised until the next annual review. Where a new tenancy agreement is granted as a 'discretionary succession' as defined by the Livv Housing Group's Deceased Customer Policy and Procedure the rent may be re-based when the new tenancy is granted.
- 2.7 Formula rents will be updated by the finance department in accordance with the Rent Standard. The Director of Finance & Investment is responsible for ensuring that the formulas are correctly and consistently applied for each property archetype, that the formula rents do not exceed the rent caps specified in the Rent Standard, and that the annual update is in line with the Rent Standard.
- 2.8 Outside of the annual update process the following events may prompt a recalculation of the formula rent, in accordance with the Rent Standard and other Government guidance:

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This policy applies from November 2023
This policy applies to: Livv Housing Group

- Where a property has been extended or undergone a major refurbishment, which would result in a higher valuation.
- Where the number of bedrooms within a property has changed.
- Where the property has been converted from another use into a social housing dwelling.

Affordable Rents

- 2.9 Affordable rents may only be charged on accommodation where there is a delivery agreement between Livv Housing Group and Homes England or where we are party to an agreement between a local authority and the Secretary of State or Homes England which permits the accommodation to be let at an Affordable rent. This would include circumstances where property had been acquired by Livv Housing Group and was Affordable rent housing when it was acquired.
- 2.10 Where Affordable rents are being charged the maximum rent inclusive of service charges for a new customer under a new tenancy is 80% of the market rent for the accommodation.
- 2.11 The market rent is that which the accommodation might reasonably be expected to achieve in the private rented sector. The rental value will be assessed in accordance with an approved methodology recognised by the Royal Institute of Chartered Surveyors (RICS), subject to the guidance set out by the Regulator of Social Housing.
- 2.12 If formula rent is higher than 80% of market rent (inclusive of service charge), the formula rent can be charged.
- 2.13 Any change to Affordable rent for a re-let property will be subject to approval by the Director of Finance & Investment, having considered a recent valuation. Any new Affordable rents, or conversions to Affordable rents, will be determined by the Director of Finance & Investment.

Intermediate Rents

- 2.14 Intermediate rents are outside the Rent Standard (where they meet the definition set out in the Rent Policy Statement).
- 2.15 For Livv Housing Group this will typically apply to properties that have been subject to a mortgage rescue scheme, or new properties that are developed as Rent to Buy properties.
- 2.16 Any new Intermediate rents will be determined by the Director of Finance & Investment.
- 2.17 Intermediate rents will be set and reviewed by Livv Housing Group in accordance with the same approach adopted for Affordable rents, subject to any over-riding specific requirements of the tenancy or occupancy agreement.



Fair Rent

- 2.18 In the case of tenancies subject to fair rent protection, the maximum weekly rent is the lower of the fair rent set by the Rent Officer, and formula rent (subject to both the rent caps and the rent flexibility level).
- 2.19 Registered providers may not increase the rent of a tenant with fair rent protection by more than CPI +1% in any year (even if the tenant's rent is below the formula rent level and the maximum fair rent is increased by more than that amount).

Shared Ownership Rents

- 2.20 Shared ownership low cost rental accommodation are outside the Rent Standard (where they meet the definition set out in the Rent Policy Statement).
- 2.21 For shared ownership properties delivered through the Affordable Homes Programme or via s106 developer contributions Livv Housing Group will:
- Ensure rents are reasonable and consistent with those agreed at bidding stage.
 - Set the initial rent so it does not exceed 3% of the capital value of the unsold equity at the point of initial sale.
 - Have regard to affordability of the total housing expenditure to residents including mortgage costs, rent and service charges.
 - Ensure that annual rent increases for new shared owners (from 12 October 2023) do not exceed CPI+1% in accordance with DLUHC reforms.
 - For new shared owners apply a rent increase floor of 0% (meaning that rents cannot be increased if CPI is -1% or lower in accordance with DLUHC reforms.
 - For new shared owners include a rent review schedule within the lease, to enable the specified rent to be increased by the permitted maximum in accordance with DLUHC reforms.

Garage Rents

- 2.22 Garage rents are outside the Rent Standard.
- 2.23 Garages may be let to tenants or private occupiers. Rents will be charged and reviewed in accordance with the occupancy agreement.
- 2.24 Rents to private occupiers will normally be subject to standard rate VAT whilst garage rents to customers are normally exempt from VAT. The correct rate to be applied will be determined by the Director of Finance & Investment in conjunction with the Group's tax advisors.

Other Commercial Rents

- 2.25 Rents for commercial properties such as the salons at Bluebell and the Watch Factory are outside the Rent Standard. The rents will be set by reference to prevailing market rents and will charged and reviewed in accordance with the terms of the occupancy agreement / lease.



Annual Rent Increases

- 2.26 The Board may approve an annual increase or decrease of rents to take effect each year – usually this will be on the first Monday of April (but could be on an alternative date set out in the tenancy or occupancy agreement). Any change will be made after considering affordability for customers and the impact on the Group’s financial plans.
- 2.27 Any annual increase for an existing tenant will be limited to a rate not exceeding CPI+1% (by reference to the rate of CPI in September of the previous year) for Social Rents and Affordable Rents (in this case, the CPI + 1% limit applies the service charge element as well).
- 2.28 Where Social Rents are greater than the rent flexibility level the annual increase will be limited to CPI until the rent is brought within the rent flexibility level.
- 2.29 Rents for the following accommodation / property types will be increased in accordance with the occupancy agreement:
- Shared ownership (subject to the October 2023 rent reform for new shared owners referenced in paragraph 2.21 above).
 - Intermediate rent
 - Garages
 - Other commercial
- 2.30 Customers who are tenants will be given a minimum of 4 weeks’ notice of any change to their rent in a format agreed with our legal advisors, Anthony Collins Solicitors LLP.

3. Responsibilities

- 3.1 All colleagues are responsible for carrying out their work in line with this policy and associated procedures. The Director of Finance & Investment is responsible for overall implementation of this policy. Specific responsibilities are set out below:

Customer Insight Directorate	<ul style="list-style-type: none">• Ensuring new lettings are undertaken in accordance with the policy
Finance Team	<ul style="list-style-type: none">• Ensuring new lettings are approved in accordance with the policy• Ensuring Annual Rent Setting is undertaken in accordance with the policy

4. Monitoring and review

- 4.1 In order to ensure that the policy is effective and delivering the intended impact, rent levels are reviewed on a periodic basis by the Finance Team to ensure compliance.
- 4.2 In line with the Livv Housing Group’s Policy Framework, this policy is scheduled to be reviewed every year. If there is a change in legislation or regulatory requirements a further review may be required.



Control framework

Compliance

This policy supports compliance with:

- Regulatory requirements, in particular the Rent Standard April 2023 and the Capital Funding Guide.
- Legislation, in particular The Housing Act 1988.

Document control	
Version	1.0
Policy applies from	November 2023
Policy applies to	Livv Housing Group
Approved by	Livv Common Board
Approved on	21 November 2023
Replacing/updating	Rent Policy 2022-2023
Next review due by	November 2024
Responsible Executive Director	Executive Director – Finance, Risk and Performance
Policy author	Director of Finance & Investment
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Environmental Impact Assessment	Not required
Circulation	Intranet

Version control		
Version	Date of Review	Summary of changes made
1.0	November 2023	Full Policy Review

