

Rent Policy

1. What this policy is about

- 1.1 This policy outlines the approach to setting and reviewing rents at Livv Housing Group.

2. Our approach

- 2.1 Livv Housing Group will set and review rents having considered prevailing regulatory requirements, legislation, funding agreements, tenancy and occupancy agreements, local circumstances, affordability, and viability.
- 2.2 Where applicable, rents are set and reviewed in accordance with:
- The requirements of the prevailing Rent Standard and Rent Policy Statement, and the specific conditions of individual tenancy agreements; and
 - The requirements of the Capital Funding Guide, other relevant funding agreements, and/or the specific conditions of the individual occupancy agreements including leases.

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. Formula rent excludes service charges.
- 2.4 Formula rent is set in accordance with the prevailing Rent Standard and Rent Policy Statement. The rent set may include an upward tolerance (rent flexibility).
- 2.5 If the accommodation is supported housing regulations enable us to set a rent including 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%. We will take into account local circumstances (for example demand) and affordability in deciding where we will apply flexibility and will not set rents at more than the permitted flexibility level.
- 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 revised when the new tenancy is granted.
- 2.7 Formula rents will be maintained and updated by the finance department in accordance with the prevailing Rent Standard and Rent Policy Statement. The

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This policy applies from November 2024
This policy applies to: Livv Housing Group

Director of Finance & Investment will ensure that the formulas are correctly applied when setting rent, and that the formula rents do not exceed the rent caps specified in the Rent Standard and Rent Policy Statement.

- 2.8 The review of the rent of any existing tenant will be undertaken in accordance with the prevailing Rent Standard, the Rent Policy Statement, and the tenancy agreement.
- 2.9 Outside of the annual review process the following events may prompt a recalculation of the formula rent, in accordance with the prevailing Rent Standard and Rent Policy Statement:
- 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

- 2.10 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.
- 2.11 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.
- 2.12 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 subject to the guidance set out by the Regulator of Social Housing.
- 2.13 If formula rent is higher than 80% of market rent (inclusive of service charge), the formula rent can be charged.
- 2.14 The review of the rent of any existing tenant will be undertaken in accordance with the prevailing Rent Standard and Rent Policy Statement, and the tenancy agreement.
- 2.15 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

- 2.16 Intermediate rents are outside the Rent Standard (where they meet the definition set out in the prevailing Rent Policy Statement). They are offered at a value above social rent but below market levels.
- 2.17 Any new Intermediate rents, and the review of the weekly rent of any existing tenant, will be determined by the Director of Finance & Investment. Under the Capital Funding Guide the rents on Rent to Buy homes must not exceed 80% of the current market rent, and the maximum annual increase will be CPI+1% (with CPI as at September of the previous year).
- 2.18 Intermediate rents will be set and reviewed by Livv Housing Group in accordance with any specific requirements of the tenancy or occupancy agreement and the Capital Funding Guide or other funding agreements where applicable.

Fair Rent

- 2.19 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).
- 2.20 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

- 2.21 Shared ownership low cost rental accommodation are outside the prevailing Rent Standard (where they meet the definition set out in the prevailing Rent Policy Statement).
- 2.22 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 that 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;
 - For RPI based model leases the increase in rent will be limited to 0.5% where the index figure is nil;
 - Ensure that annual rent increases for new shared owners (with the 12 October 2023 lease) do not exceed CPI+1% in accordance with MHCLG 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 MHCLG 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 MHCLG reforms.

Garage Rents

- 2.23 Garage rents are outside the prevailing Rent Standard.
- 2.24 Garages may be let to tenants or private occupiers. Rents will be charged and reviewed in accordance with the occupancy agreement.
- 2.25 The level of VAT to be applied will be determined by the Director of Finance & Investment in conjunction with the Group's tax advisors.

Other Commercial Rents

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

Annual Rent Increases

- 2.27 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). The review would include consideration of prevailing regulatory requirements, legislation, tenancy and occupancy agreements, local circumstances, affordability, and viability.
- 2.28 Any annual increase for an existing Social or Affordable Rent tenant will be limited to a rate not exceeding CPI+1% (by reference to the rate of CPI in September of the previous year).
- 2.29 If 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.
- 2.30 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 2.22 above).
 - Intermediate rent
 - Garages
 - Other commercial
- 2.31 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 prevailing [Rent Standard](#).
- The prevailing [Rent Policy Statement](#).
- The [Capital Funding Guide](#) (and any other applicable funding agreements).
- Legislation and Government Policy, in particular The Housing Act 1988.

Document control

Version	1.0
Policy applies from	November 2024
Policy applies to	Livv Housing Group
Approved by	Livv Common Board
Approved on	19 November 2024
Replacing	Rent Policy 2023-2024
Next review due by	November 2025
Responsible Executive Director	Executive Director – Finance, Risk and Performance
Policy author	Director of Finance & Investment
Equality Analysis	November 2024
Environmental Impact Assessment	Not required
Circulation	Intranet; Livv Housing Group website

Version control

Version	Date of Review	Summary of changes made
1.0	November 2024	Periodic annual policy review. Cosmetic changes to the policy narrative.

