

Rent and Service Charge Setting Policy

Summary

As a Social Housing Landlord, we have a statutory duty to set rent and service charges, and this includes:

Ensuring a fair and consistent approach to rent and service charges is adopted by us, whilst operating a financially sustainable and stable Housing Revenue Account (HRA) for the benefit of all our tenants, regardless of tenure.

The HRA is intended to record expenditure and income on running our own housing stock and closely related services or facilities, which are provided for the benefit of our own tenants and leaseholders

Being transparent and communicating how our rent is calculated, set, and reviewed, as well as certain exemptions set from the Rent Standard which is part of the regulatory framework for social housing in England.

Reviewing our service charges annually for tenants, leaseholders and shared owners, in line with statutory and regulatory requirements as a landlord.

Effective date

18 September 2024

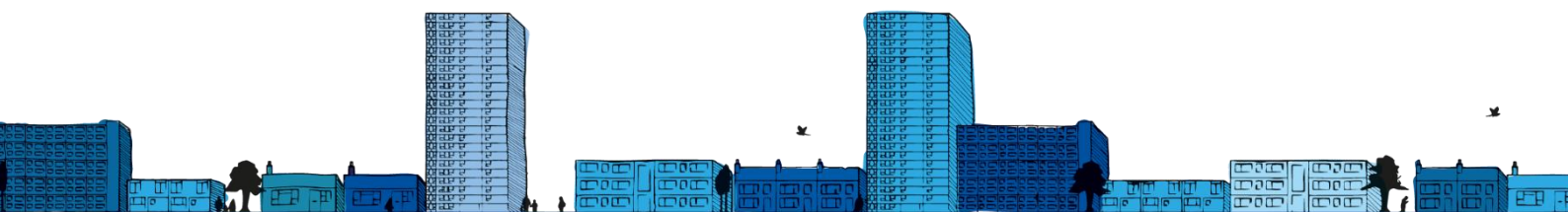
Review

Latest Review Date: XXX 2025

We will review this Policy every 5 years or when there has been an update to legislative, regulatory, best practice or operational changes.

Version

Version 1.1



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Scope

This policy applies to all Portsmouth Homes residential properties let to:

- tenants on Secure Assured tenancies (dwellings), Assured Short hold and Flexible tenancies, Licenses and Home Ownership Leases in addition to residential garages and parking spaces.

Any reference in this policy to 'we', 'our' or 'us' refers to Portsmouth Homes.

Any reference in this policy to 'tenant', 'customer' or 'resident' refers to a Portsmouth Homes secure tenant, leaseholder or shared owner.

Purpose

The purpose of the policy is to:

- Ensure that rent levels are sufficient to provide a good quality home and level of service to our tenants whilst meeting our financial obligations as a landlord.
- Ensure that we comply with our statutory, regulatory, and contractual obligations and our tenancy agreements and leases in terms of rent setting and service charge setting and apportionments.
- Set out how we review our rents annually and ensure rent are affordable for our tenants.
- Ensure our tenants are aware of the review process and consulted with as part of the annual review process.

We will:

- Provide clear information to demonstrate the calculation of rent charges for all our tenants.
- Provide clear information to demonstrate the breakdown of service charges for all our tenants, leaseholders and shared owners.
- Have a meaningful consultation with tenants before deciding on the increases relating to new rent and service charges.
- Always charge Leaseholders and Shared Owners according to terms in the lease.
- Review rents in line with our tenancy, license and lease agreements taking statutory and regulatory requirements into account where applicable.
- Ensure that no properties are let at a higher rent than the legislation and / or regulatory requirements allow, this will be either Social Rent or Affordable Rent.
- Seek to maximise our rent whenever possible and reasonable, therefore we will recalculate the rent where appropriate when a property is re-let to a new tenant during the year. To be charged at the maximum permitted rent for each property within Government policy guidelines and the Social Housing Regulator's Rent Standard and Rent Standard Guidance.



Our Approach to Rent Setting

We have 2 types of rent charges which are Social Rent and Affordable Rent:

Social Rent

Social rents have to be calculated and effectively set by the Government using a formula. This creates a social rent for each property, the formula includes factors such as property value, County average earnings and number of bedrooms. The aim of this formula-based approach is to ensure that there is a consistent approach to rent setting and increases by all Social Landlords.

Social rents are subject to a rent cap. This is the maximum amount of rent that can be charged on social rent properties. The rent cap is currently set by the Government Regulations and is based on the number of bedrooms a property has.

For new tenancies or new developments, we have the ability to apply a rent flexibility rate to individual properties. This discretion allows us to apply an uplift of 5% to social rents for general needs housing or 10% for supported (including sheltered) housing to take account of local factors and concerns providing that there is clear rationale set out for doing so.

The definition of supported housing for the purposes of this policy document follows the definition used in the governments Rent Policy Guidance and means low-cost rental accommodation provided by a registered provider where a member of the household requires support. Support can include the following:

- Sheltered accommodation
- Extra care housing
- Domestic violence refuges
- Hostels for the homeless
- Support for people with drug or alcohol problems
- Support for people with mental health problems
- Support for people with learning disabilities
- Support for people with disabilities
- Support for offenders and people at risk of offending
- Support for young people leaving care
- Support for teenage parents
- Support for refugees.

The social rent cap set by Government is used instead of social rent if the rent produced using the formula is higher than the relevant rent cap value.

The initial rent for Newly built or acquired Properties will be based on the formula rent calculation, but will be dependent on the funding used, grant conditions and the financial viability of each scheme. The rents will be set at Social Rents or Affordable Rent.



Rents for Re-lets. Where a social rent property is re-let to a new tenant the new rent amount will be the social rent for that property using the above calculations.

Affordable Rents

As part of the government's Affordable Rent Programme, we also offer affordable rent properties to eligible residents. The rent figure must not exceed 80% of the gross market rent for the property for comparison (inclusive of service charges), an affordable rent on a new build property will always be:

- Assessed in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation global standards and guidance
- No more than 80% of the gross market rent, including service charges

Gross market rent means the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector. Property size, location type and service provision must be taken into account when determining what gross market rent a property might achieve if let in the private rented sector.

Where a property has previously been converted to affordable rent, or is designated affordable rent, it cannot revert to social rent without the permission from the Department for Levelling Up Housing and Communities.

Rents for Re-lets. Where an affordable rent property is re-let to a new tenant the new rent amount will be the affordable rent for that property. As above, an affordable rent will be assessed in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation global standards and guidance and be no more than 80% of the gross market rent, including service charges. The gross market rent being the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector.

Development Agreements with Homes England as well as Section 106 agreements may define the maximum level of rents for new build schemes.

Section 106 of the Town and Country Planning Act 1990 allows a local planning authority, like us, to enter into a legally binding agreement or planning obligation with a landowner as part of the granting of planning permission. The obligation is termed a section 106 agreement.

Shared Ownership Rent

The level of rent that a customer will pay will be defined within the lease and will comply with Homes England and/or the local planning authority requirements.

All rent is initially set by the open market value at the first point of sale.

We review rent each year so your rent will increase in line with the rate and times set out in your lease. This is usually once a year in line with this policy and the lease.



Garage & Parking Spaces

The HRA garages and parking sites are marketed and managed with the intention of getting the best return possible from these assets. The HRA parking charges remain competitive when compared to other parking providers based on market levels and demand.

The level of garage and parking site charges will depend on whether the person renting is local to the area, is a current tenant, leaseholder or shared owner and the location of the parking space or garage. For example, charges for parking spaces close to the city centre are more expensive than those outside of the city. Current tenants also pay a reduced rate compared to a non-tenant.

Garage and parking sites may attract National Non-Domestic Rates (NNDR). Where applicable, we may pass on NNDR charges to tenants of these spaces.

For non-Portsmouth City Council tenants, VAT will be applied at the relevant rate.

Tenants are consulted annually on the proposed increases for all Garage and Parking sites.

Other Rents and Charges

We will set charges for other rents such as sheltered housing scheme guest rooms, mobility scooter storage and charging, Communal Lounge Private Hire etc. (this is not an exhaustive list) by balancing the commercial value and the social value of the intended use. We will charge VAT at the relevant rate where appropriate.

Our Approach to Service Charge Setting

General Service charges

We currently charge most tenants for additional services based on 2 levels dependent on property type.

We will charge tenants of Houses a lower rate to cover the services delivered in the management of the day-to-day running costs of your estate and is used to cover items such as, communal maintenance, repairs, gardening and communal facilities, as well as additional services that you can access.

We will charge tenants of Flats a higher rate to cover the above services, taking account that there will be higher running costs compared to houses such as cleaning of communal areas and communal utility costs.

For Tenants, the Service Charges will be based on the actual cost of provision of the service, but on the basis of Fixed Service Charges, so there are never any adjustments to accounts for under or over recovery each year. Instead, charges are based on previous year costs and inflationary uplift. This does mean that the cost of services delivered may be higher or lower than the income collected.

There are some exceptions to this based on recent property acquisitions, where Service Charges are calculated and based on the services delivered as Variable Service Charges. This means that these tenants will have Estimates based on last year's spend, and then adjustments based on the Actual costs and other known changes to service.



All Leaseholders are charged Variable Service Charges, as described in the paragraph above, and receive an Actual Statement each year detailing any over or under collection, which is added/debited to their Service Charge accounts.

With Variable Service Charges, the increases/reductions cannot be consulted on, as they are based on full cost recovery. The charges applied will be those associated with the delivery of services, repairs and running costs for your block and or estate including a management charge and any reserve fund as stated in the lease.

Sheltered Housing

Sheltered Housing is intended to meet the needs of residents who require support to live independently. We will charge tenants in Sheltered Housing a Sheltered Service Charge based on the Category of the Scheme. Currently there are 3 levels, each with increasing levels of need and support:

For tenants living in Category 1 Sheltered Housing Flats, we charge the lowest rate to cover the following typical services, but not limited to: Visiting Sheltered Housing Support Officers, Housing related support services as well as day-to-day running costs such as cleaning and grounds maintenance.

For tenants living in Category 2 Sheltered Housing Flats, we charge a rate to cover the following typical services, but not limited to: On site Scheme Managers, Communal Activities, Housing related support services as well as day-to-day running costs such as cleaning and grounds maintenance.

For tenants living in Category 2.5 Sheltered Housing Flats, we charge an enhanced rate to cover the following typical services, but not limited to: On site Scheme Managers, 24-hour staffing, Communal Activities, Housing related support services as well as day-to-day running costs such as cleaning and grounds maintenance.

Laundry charges

We provide a number of laundry facilities that operate from within blocks and sheltered housing schemes. Although the charges for both washing and drying facilities are reviewed each year, they remain much lower than the commercial market price. We are confident that the current charges are sufficient to recover the full costs of running the services.

Heating charges

Heating Charge calculations (if applicable) are based on the average usage data from previous years. This is intended to smooth out any peaks and troughs caused by particularly mild or cold winters. We then apply the cost per unit of energy we are currently paying for its utilities. The principle is that the heating charges will recover 100% of the cost to us for providing the service.



Annual Rent and Service Charge reviews

We review rents once a year in line with government policy. This means any changes follow national rules set by the Regulator of Social Housing and the Rent Setting Guidance, which include limits on how much rents for existing tenancies can increase.

When setting a new budget, we must also consider the effect on the HRA's 30-year business plan.

We will consult with tenants and leaseholders on the proposals for the increases to all charges at a formative stage and take views into account when reaching a decision.

We will ensure it is:

- Fair and reasonable
- Provide adequate time, information and opportunities to consider and respond
- Set out actual or potential advantages and disadvantages (including costs) with the immediate and long term
- Demonstrate how the consultation responses have been taken into account in reaching the decision

In general, service charges (including sheltered housing service charges) will be reviewed annually as part of the rent setting process.

Service charges can be altered more than once a year if there is a change in the service being provided. Tenants, leaseholders and shared owners will be consulted before any change is implemented and given at least one month's written notice of any change in charges. Leaseholders will be consulted in line with Section 20 of the Landlord and Tenant Act 1985.

Following the consultation, the final decision on rent and service charges will be made by an appropriate Councillor at the Housing and Tackling Homelessness cabinet meeting. They will have the information and feedback from all parties, including external managing agents to be able to inform their decision.

Once the decision has been made on the increase in rents and/or charges, tenants, leaseholders and shared owners will be given at least one month's notice in writing of the commencement of that rent and/or service charge, including details of the amount of the charge to be effective from the first Monday in April each year, or the 1st of April for Monthly tenancies. Please note, this may differ slightly year by year to prevent a 53-week year i.e. Could be Monday 31st March.

When we communicate with tenants about rent and/or changes, we will include in our communications information on how to access support with rent payments and advice on claiming benefits, if applicable.

All tenants, leaseholders and shared owners liable for service charges will be issued with a summary of tenants' rights and obligations annually. This document lays out how a determination (appeal) can be made to the first-tier tribunal regarding service charges.



Your voice

We provide tenants a wide range of meaningful opportunities to engage, feedback during the rent and service charge setting consultation.

Tenants influence and scrutinise the Landlord Strategies, policies and services, to include participation in regular resident meetings and give feedback on services and policies.

If you would like to be included in future resident engagement focus groups and would like to know how to get involved, please contact us for more information:

You can contact our team by:

- Email: housing.engagement@portsmouthcc.gov.uk
- Phone: 02392 834835
- Website: visit the [Resident engagement and community resources on our website](#)

What have we done to make sure this Policy is fair?

We completed an Integrated Impact Assessment (IIA) to consider the positive and negative impacts this Policy may have on people with protected characteristics under the [Equality Act 2010](#). This Policy should have direct and positive equality and diversity impacts.

Regulation and legislation

We recognise the variety of legislation, and we will continue to monitor relevant legal guidance. The list below reflects some of the existing legal framework and relevant publications:

- [Rent Standard and Guidance](#)
- [The Social Housing Rents \(Exceptions and Miscellaneous Provisions\) Regulations 2016](#)
- [Rent Act 1977](#)
- [Housing Act 1988](#)
- [Rent setting: social housing \(England\)](#)
- [Housing and Planning Act 2016](#)
- [Welfare Reform and Work Act 2016](#)
- [Commonhold and Leasehold Reform Act 2002](#)
- [Landlord and Tenant Act 1985](#)
- [Town and Country Planning Act 1990](#)



- [Capital Funding Guide](#)

Related documents

This policy should be read in conjunction with:

- Portsmouth Homes Landlord Policies, Strategies and Reports - [Housing policies, strategies and privacy notices](#)
- Tenancy Agreement / Leasehold Agreement
- [Rent Standard and Guidance](#)

How to feedback

If you have any questions around the policy or would like to know more about its application, please contact the relevant service in the first instance.

You can get this policy in large print, braille, audio or in another language by contacting your Housing Office. More information is available [translation, interpreting and audio information](#).

Compliments

To help us provide the best service we can. We would like to hear customer views on the services that they use. If the customer is pleased with a member of staff or service, please let us know.

- Telephone: 02392 606383
- Email address: HNBLandlordComplaints@portsmouthcc.gov.uk

Complaints

If a customer is unhappy, they can refer to our Landlord Complaints Policy.

- Online complaint form at [Make a housing complaint](#)
- Telephone: 02392 606383
- Email address: HNBLandlordComplaints@portsmouthcc.gov.uk

Housing Ombudsman Service

If a customer is unhappy, they can contact the Housing Ombudsman Service for advice and guidance at any time.

- Online complaint form on [the Housing Ombudsman Service website](#)



- Telephone: 0300 111 3000
- For more information, visit [Housing Ombudsman's Complaint Handling Code](#)

Tribunal

First-tier Tribunal (Property Chamber)

CONSULTATION

