

**Penge Churches Housing Association**  
**'providing good quality homes and housing services in the**  
**local community'**

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## **Rent Policy**

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We are required to implement the Tenant Services Authority's rent restructuring framework. The framework aims at harmonising rents for social housing using a common system based on relative property values and local earnings levels. We are required to have a rent plan to show how we will achieve target rents by 31<sup>st</sup> March 2012. We have some flexibility in how we achieve target rents. This policy sets out how we will achieve target rents.

### **The formula for defining target rents**

The weekly rent is to be equal to:

70% of the average rent for the housing association sector  
multiplied by relative county earnings  
multiplied by bedroom weight

plus

30% of the average rent for the housing association sector  
Multiplied by relative property value

Property valuations showed the average values of our homes at January 1999 were:

	Flats	Houses	All homes
Bedsit	£40,500		£40,500
1 bed	£54,000		£54,000
2 bed	£90,000	£86,400	£88,000
3 bed	£78,500	£94,050	£86,275
4+ bed	£125,000	£125,000	£125,750

Using these valuations the following target rents were set for 2002/3:

Bedsit	£50.71
1 bed flat	£60.01
2 bed flat	£77.21
3 bed flat	£75.46
4+ bed flat	£94.06
2 bed hse	£75.95
3 bed hse	£80.92
4+bed hse	£94.59

Each year the target rents are uplifted by RPI (at September of the proceeding year) plus 0.5%. The grid at the end of this policy 1 sets out how the target rents have been uplifted since 2002/3. Beyond the current year rents have been uplifted by 3% per annum in line with the NHF recommendations.

In 2002/3 the actual rents compared to target rents varied with many being above or below target. We are required to achieve target rents or to be within a plus or minus 5% tolerance of the target on individual rents by 31/3/12. The tolerance of 5% can be built in at any stage during the rent plan. Individual rents can be increased annually by RPI + 0.5% plus or minus £2 subject to an annually agreed rent cap (maximum).

In 2001 the Board agreed a rent plan to demonstrate how the Association would achieve target rents.

## **The Rent Plan**

### **Assured tenancies**

Where individual rents are above target these rents will be frozen until the target rent is achieved.

Where individual rents are below target the rent will be increased by the maximum allowed, RPI + 0.5% plus £2 until the target rent is achieved.

### **Fair rents**

Fair rents are set bi-annually. All fair rents at 2002/3 were below target. The application to the rent officer will be:

The target rent for year 1 plus £2

Multiplied by the estimated RPI + 0.5% for year 2 (at 3%) plus £2

If this figure is above the target rent for year 2, the amount applied for will be the target rent for year 2.

The rent registration may differ from the amount applied for:

If the amount applied for is registered the increases each year will be as applied for.

If the rent officer registers a higher rent the rent increases are restricted by the maximum that can be applied in any year.

If the rent officer registers a lower rent, the maximum increase will be applied in year 1.

### **New lettings**

When a property is let the target rent will be charged. Where a secure tenant is moving in the rent officer will be asked to register the target rent.

## **Supported housing**

A tolerance of plus or minus 10% is allowed for supported housing.

## **The Revised Rent Plan 2006**

At the Board Awayday 2006 the Board reviewed the rent policy and decided that the 5% tolerance allowance should be used to take account of some desirability/anomaly issues. It was also agreed that the new bedroom weightings should be applied. The following changes were approved:

- Houses to attract a 5% premium (where the rent cap allows) because of the demand/desirability for houses. This gives a more appropriate differential between flats and houses
- 3 bedroom flats to attract a 5% premium to make a more significant differential between 2 and 3 bed flats
- 4 bedroom flats to be reduced by 5% to make a more significant differential between 3 and 4 bedroom flats and 4 bedroom flats and houses.

These changes are incorporated in the grid shown at the end of this policy.

## **Monitoring the rent plan**

The Board will review the rent plan annually to assess how the Association is performing in achieving target rents.