



HRA Rent Setting Statement

(April 2024)

Contents

- 1.0 POLICY SUMMARY
- 2.0 BACKGROUND
- 3.0 LEGISLATION
- 4.0 THE POLICY
- 5.0 SERVICE CHARGES
- 6.0 CONSULTATION
- 7.0 ROLES, RESPONSIBILITIES AND AUTHORITY
- 8.0 MONITORING, REVIEW AND EVALUATION

1.0 POLICY SUMMARY

This document outlines how Haringey Council (the Council) will calculate, consult on and charge rent for Council-owned homes in the Housing Revenue Account (HRA) let on secure tenancies that the Council has responsibility to manage and maintain and the factors involved with this decision.

The purpose of this document is to:

- ensure that the HRA adheres to government legislation when setting rent;
- ensure that the HRA does not fall into a deficit position;
- help the Council to plan for future investment;
- set out how the Council will determine increases in rents for existing tenants

This policy is intended for all HRA residential properties that the Council owns and has responsibility to maintain and manage that are let on secure tenancies.

This policy does not cover properties owned and managed within the Councils general fund housing service, HRA homes which are being used for temporary accommodation or homes owned, leased or managed by Homes for Haringey and other entities.

2.0 BACKGROUND

Local authorities have the power to determine their own rent levels, but for low-cost Council housing, rents must be set in accordance with the Regulator for Social Housing's published Rent Standard [Rent Standard - April 2023 \(accessible version\) - GOV.UK \(www.gov.uk\)](#)

The Rent Standard has two effects on rent setting. Firstly, it sets the maximum rent for new Council tenancies (the 'formula rent'), and secondly, the maximum increase which can be applied to current tenants' rent charges.

From April 2020, the Rent Standard has made a 5-year commitment to increase the 'formula rent' by the Consumer Price Index (CPI) plus 1% each year for each year. The Rent Standard also committed to these increases being permitted to rents for existing tenants, although for 2023-24 the rent increases were capped at 7%. However, new units could still be let at the full formula rent (or with the flexibility of 5% above formula rent for general needs social housing or 10% for supported housing).

3.0 LEGISLATION

- Direction on the Rent Standard April 2023
- Department for Communities and Local Government – guidance on rents – May 2014.
- Policy Statement on Rents for Social Housing issued by the Secretary of State on 26 February 2019

- Housing White Paper 'Fixing our Broken Housing Market' 2017
- Welfare Reform and Work Act 2016 (b)
- Housing Act 1985 Section 24
- Local Government and Housing Act 1989
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Regulator for Social Housing published Rent Standard [Rent Standard - April 2023 \(accessible version\) - GOV.UK \(www.gov.uk\)](#)

4.0 THE POLICY

Calculation of social rent

Under the social rent policy rents will be set based on a formula that has consideration of:

- The condition and location of a property – reflected in its value;
- Local earnings;
- Property size (specifically, the number of bedrooms in a property).

The basis for the calculation of formula rents is:

- 30 percent of a property's rent should be based on relative property values;
- 70 percent of a property's rent should be based on relative local earnings; and
- A bedroom factor should be applied so that, other things being equal, smaller properties have lower rents.

Relative property value means an individual property's value divided by the national (England) average property value, as at January 1999 prices.

In accordance with the Rent Standard the Council is permitted to increase rent by Consumer Price Index (CPI) plus 1% each year for a period of 5 years until April 2025.

In line with Central Government policy the rents on re-lets can be recalculated at the formula rent level. Furthermore, the policy contains flexibility to set rents at up to 5% above formula rent (10% for supported housing).

London Affordable Rent

London Affordable Rent was introduced by the Mayor of London in 2016 for new affordable homes in London and is set at the 2015/16 Formula Rent Cap increased every year by one percentage point more than CPI inflation. In February 2022, the Cabinet agreed that new homes delivered under the GLA's 2016-23 Affordable

Homes Programme, 'Building Homes for Londoners' will be let at London Affordable Rent (LAR) levels.

Rent Charge period

Rents are charged on a weekly basis. A weekly rent debit will be applied to tenants' rent accounts every Monday. Rent must be paid every week, one week in advance, unless there is an agreement to pay monthly.

5.0 SERVICE CHARGES

In addition to their rent, tenants may also pay service charges. Rents are generally taken to include all charges associated with the occupation of a property, such as maintenance and general housing management services.

Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Service charges are subject to separate legal requirements and are limited to covering the cost of providing the services.

Service Charges are not covered by the same Government guidelines as rent; however, the guidelines are that service charges should be set on a reasonable and transparent basis and should reflect the service provided.

Service charges should be set at a level that recovers the cost of the service, and no more than this. The amount tenants pay increases where the cost of providing the service is anticipated to increase. Equally, charges are reduced when the cost of providing the service reduces.

Where new or extended services are introduced, and an additional charge may need to be made, we aim to consult with our tenants.

6.0 CONSULTATION

The Council will consult with residents on its annual budget. This includes information on changes to rental charges on an annual basis.

Under Section 103, Housing Act 1985, the Council will vary rent annually by giving tenants at least 28 days' notice in writing. The annual changes in rent and service charges will be effective from the first Monday in April.

7.0 ROLES, RESPONSIBILITIES AND AUTHORITY

It is the decision for Cabinet to set the yearly change to rental charges and service charges in line with Government guidance as this forms part of the Council's budget and policy framework.

8.0 MONITORING, REVIEW AND EVALUATION

Performance of rental income collected is monitored and reported on both a weekly and monthly basis.

The Rent Policy will be reviewed in February every year at the same time the Cabinet sets new rents and charges or earlier if there are changes in legislation.

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Next review due: February 2025