

### Rent and Service Charge Setting Policy Statement 2022 to 2023

Hull City Council aim to set rents at a level that allows us to manage our properties well, to maintain them and to provide appropriate services and amenities for our tenants whilst keeping affordability in mind. We set rents and service charges in line with legislation, Regulation, best practice and our service standards. We aim to fully comply with the Government's Policy Statement on Rents for Social Housing 2018 and the extant Rent Standard as published by the Regulator of Social Housing.

Customers are given at least 4 weeks notice of changes to their rent and service charges. Changes to rent will normally occur once a year on the first Monday in April. Rent is payable for each week of the year but the rent payable over the whole rent year is apportioned over 50 or 51 weeks (depending on the number of weeks in that particular rent year). This means that there are two weeks per year when customers are not required to pay rent (unless they are in arrears). The 2 weeks when customers are not required to pay will be in December each year and customers are notified of this in writing.

#### 1. Rents

Our properties are generally let on either a Formula Rent or an Affordable Rent.

##### a. Affordable rent

Local authorities are able to agree with Homes England to convert a proportion of their properties which are being re-let on an affordable rent to help fund the development of new homes. This means that the Council can charge a different rent (which could be higher) than their usual rent charge.

The Council may wish to use affordable rent tenancies where:

- major investment in particular housing stock has been or will be undertaken
- funding for a project requires that the Council use affordable rents.

Where the Council is considering using affordable rents tenancies it will:

- carry out reasonable consultation with the local community on its proposals
- undertake a financial viability test

- set out in a report the reasons for using affordable rents and the benefits the Council expects
- require any decision to adopt the proposed affordable rent scheme to be approved by the Head of Service with responsibility for the management of the Council's housing function in consultation with the Council's Portfolio Holder with responsibility for the Council's housing function.

The maximum rent for an Affordable Rent property, when it is first let to a new tenant, is 80% of the market rate, inclusive of service charges, or the 'social rent rate' (exclusive of service charges), whichever is higher. Each subsequent year, rents will change in line with changes in Formula Rents.

New homes built or those which have undergone major refurbishment schemes will be let at Affordable Rents or Formula Rent, whichever is the higher.

### b. Formula Rent

Formula Rents are set based on Government Formulae for each individual property with annual increases in line with CPI + 1% each year. This does not apply to service charges. Whilst actual rent increases are determined by Council each year, rents will never be set at more than Formula Rent. All properties becoming empty will be re-let at Formula Rent. Where any significant structural alterations take place, such as the addition of extra bedrooms, the Formula Rent may be amended to take account of the change.

### c. Shared Tenancies

Where properties are let with shared tenancies, rent may be set at not more than the Shared Accommodation Rate of Local Housing Allowance per bedroom.

### d. Other Rent Models

The Council may develop other rent models to reflect the changing circumstances, especially in relation to Benefit eligibility.

Where the Council is considering developing a different model it will:

- carry out reasonable consultation with the local community on its proposals
- undertake a financial viability test
- set out in a report the reasons for using affordable rents and the benefits the Council expects
- identify any variations from the Government's Policy Statement on Rents for Social Housing 2018 (or subsequent updates)
- require any decision to adopt any different rent scheme to be approved by the Head of Service with responsibility for the management of the Council's housing function in consultation with the Council's Portfolio Holder with responsibility for the Council's housing function.

### 2. Service charges

Service Charges are set to recover the costs of the service provided wherever possible and will change based on changes in costs. Some service charges are currently set below cost and these will be increased over time to align with costs. Service charges will never be set at more than the cost of providing that service, including an allowance for management costs.