



WILLOW TREE

HOUSING PARTNERSHIP

Rent Policy

Version:	V1
Responsibility for the Policy	Head of Housing & Customer Experience
Date approved by Executive	March 2025
Date approved by Resident Panel	April 2025
Dates for Tenant Consultation	March & April 2025
Date approved by Board (if applicable)	June 2025
Date due for review:	June 2026

Statement of Intent

Willow Tree Housing Partnership Limited (WTHP) has at its heart the best interests of all tenants. Residents will be consulted on any significant changes that are proposed to the policy and any comments/queries received will be considered before the policy is approved and implemented.

1. Policy Objectives

The aims of this policy are to ensure that:

- Rents are affordable to all tenants, irrespective of incomes
- Rents are set in compliance with the required outcomes and specific expectations of the Regulator of Social Housing's Rent Standard and other legislative requirements
- WTHP's business plan continues to demonstrate the organisation's viability
- Tenants are clear on the rent review process and how rents are set

2. Performance Standards

- A Rent Policy compliance report will be produced for the Board on an annual basis.
- The Executive Team will monitor policy compliance, across the financial year.
- WTHP will conduct regular audits by Internal Audit to gain assurance our rent standard policies are being implemented appropriately.

3. Roles and Responsibilities

3.1. The Board

The Board has the responsibility for the organisation's compliance with the Rent Standard and related regulation.

On an annual basis, the Board will consider and approve:

- The proposed rent increases or decreases effective in the next financial year.
- Any changes to existing rent increase anniversary dates, by tenure.
- Proposals to apply rent flexibility to new social rent tenancies in the next financial year.
- Any proposals which result in changes to tenure types.

- The affordability impact on tenants of any proposals including rent increases

In addition, the Board will also receive and review a Rent Standard compliance report on an annual basis.

3.2. Other Roles and Responsibilities

As well as the Board, other parts of the organisation have a role to play in the application of Rent Policy.

Appendix A sets out a high level overview of these roles and responsibilities

4. Policy Scope

The following table shows current WTHP tenures:

WTHP Tenure	Rent Standard	Other Key Regulation
Social Rents	Applies	
Fair Rents	Applies	
Affordable Rents	Applies	
Intermediate Market Rent	Excepted from the Rent Standard	Homes England Capital Funding Guide may apply if grant is received.
Shared Ownership (low cost home ownership)	Excepted from the Rent Standard	Homes England Capital Funding Guide may apply if grant received.

The following areas are considered to be out of scope of this policy:

- Service charges.

Whilst the RSH Rent Standard is not applicable to the whole of WTHP's tenures, all WTHP tenures sit within the scope of the WTHP Rent Policy.

5. WTHP Tenures and Rent Setting

5.1. Social Rent

Information on social rent setting has been taken from the *Policy Statement on Rents for Social Housing*.

5.1.1. Definition

Social rental properties are low cost rental accommodation in the WTHP stock which are **not** the following:

- Affordable rent.
- Social tenants with high incomes.
- Shared ownership low cost rental accommodation
- Intermediate rent accommodation.

5.1.2. Rent Setting

5.1.2.1. New Tenants

Registered providers may set the initial rent on properties to be let at social rent at a level that is no higher than formula rent, subject to the rent flexibility level of up to 5% above formula rent.

The basis for the calculation of formula rents is:

Weekly formula rent is equal to:

70% of the national average rent
Multiplied by relative county earnings
Multiplied by the bedroom weight

Plus

30% of the national average rent
Multiplied by relative property value

The result of this calculation must then be compared to the relevant **rent cap**.

The rent caps apply as a maximum ceiling on the formula rent and depend on the size of the property (the number of bedrooms it contains). Where the formula rent would be higher than the rent cap for a particular size of property, the rent cap must be used instead.

The data required to perform these calculations can be found *in Appendix A of the Policy statement on rents for social housing* (updated 14 December 2022) (See WTHP Rent Policy Reference Documents Section)

Appendix B of the same document sets out a full example of the calculation (See WTHP Rent Policy Reference Documents Section)

The calculation requires the use of **January 1999 Property Valuations**. WTHP holds all of these valuations on its housing and finance management system (Pyramid).

The decision to apply rent flexibility of up to 105% for new tenancies in any financial year will be made by the Board on an annual basis, provided that:

- Applying the flexibility does not exceed the rent cap.
- Applying the flexibility supports resilience in the financial standing of the organisation and by default an increase in resource to deliver improved services.
- Applying the flexibility would not see average housing costs exceed average incomes for any given local authority area by more than 30%.

5.1.2.2. Existing Tenants

From 1 April 2020, registered providers may not increase rents by more than CPI (as of September of the previous year) + 1 percentage point in any year.

From time to time, limitations are placed on this increase e.g. if CPI has been particularly high. This point should be checked against RSH guidance at each annual rent review (see section 2).

The decision to apply rent increases in any financial year and when they will take effect will be made by the Board on an annual basis.

5.2. Fair Rents

5.2.1. New Tenants

WTHP does not issue new Fair Rent tenancies. Upon re-let of a property where a tenant previously enjoyed a Fair Rent tenancy and there are no tenancy succession considerations the WTHP Fair Rent will lapse, and the property will be let as a Social Rent property to a new tenant.

5.2.2. Existing Tenants

The principles set out above under 'Social Rents' are subject to 'Fair Rent' requirements.

A tenant who enjoys 'fair rent' protection must not be charged more than the lower of:

- (a) The 'fair rent' set by the Valuation Office Agency (VOA) rent officer; and
- (b) Formula rent (subject to the rent caps and the rent flexibility level).

VOA Rent Officers carry out a range of statutory duties covering rental data, Fair Rent and Housing Benefit valuations and also provide the government's Department for Work and Pensions (DWP) annually with current Local Housing Allowance rates.

Existing WTHP Fair Rents should be updated by WTHP periodically (every 1 year and

nine months after the last update was registered with the VOA) at the Valuation Office Agency using the process and timescales set out by the Valuation Office Agency.

As with other Social Rent properties, private registered providers may not increase any tenant's rent by more than CPI (as at September of the previous year) + 1 percentage point in any year (even if a tenant's rent is below the formula rent level and the maximum fair rent is increased by more than that amount). Limitations/caps have been applied to the CPI + 1% rule in previous years (See section 2)

The decision to apply rent increases in any financial year will be made by the Board on an annual basis.

Once a Fair Rent reaches the equivalent Social 'formula' Rent, the rent will be capped at this level. Applications to increase the Fair Rent from the VOA will still be made however as outlined above.

The decision to apply rent increases in any financial year and when they will take effect will be made by the Board on an annual basis.

5.3. Affordable Rent

5.3.1. Definition

The *Policy Statement on Rents for Social Housing* sets out three criteria for the definition of affordable rent housing. Most relevant to WTHP is that it is housing that has been provided as part of a housing supply delivery agreement between WTHP and Homes England and that it is permitted to be provided at an affordable rent.

5.3.2. New Tenants

5.3.2.1. New Developments - Initial Rent setting

Valuations for **initial rent** setting i.e. new developments, must be made in accordance with a method recognised by the Royal Institution of Chartered Surveyors (RICS). This requirement is intended to help ensure that registered providers adopt a consistent and transparent approach to the valuation of market rents.

Rent will be set at a level that is no more than 80% of the relevant market rent including service charges

5.3.2.2. Existing Properties - New Tenants

When an Affordable Rent tenancy is let to a new tenant registered providers must re-set the rent based on a new valuation, to ensure that the new rent is no more than 80% of the relevant market rent. This Valuation can be a desk top exercise provided that there are sufficient comparables available to benchmark against as set out in the RSH Policy Statement on Rents. Any desktop method used should have a RICS accredited methodology,

Where a registered provider is re-setting the rent as a result of re-letting affordable rent housing to an existing tenant, the provider may not increase the rent by more than CPI + 1 percentage point. Note that limitations have been placed on this in prior years. 'Existing tenant' in this context means an existing tenant of the specific property concerned.

The decision to apply rent increases in any financial year and when they will take effect will be made by the Board on an annual basis.

5.3.3. Existing Tenants

Registered providers must not increase rents for Affordable Rent properties by more than CPI + 1 percentage point each year. Note that limitations on this have applied in prior years (see Section 2). CPI must be taken as at September of the previous year.

Providers will be free to apply a lower increase, or to freeze or reduce rents, if they wish to do so. Providers should consider the local market context when deciding whether to implement a rent increase and the level of that increase, as well as the levels of Housing Benefit or Universal Credit that are available to claimant households who might occupy their properties.

The decision to apply rent increases in any financial year and when they will take effect will be made by the Board on an annual basis.

5.4. Shared Ownership

Shared Ownership is one of the excepted categories from the Rent Standard. The setting of rents for Shared Ownerships is a matter for WTHP to agree with the leaseholder at the point at which the lease is granted.

However, for grant funded schemes, WTHP must comply with the relevant requirements set out in Homes England's Capital Funding Guide. This sets out the maximum rent levels at initial sale, rates of rent increase, as well as rent on resale and other matters. WTHP will abide by the Homes England Capital Funding Guide requirements for Shared Ownership rent setting.

5.4.1. Rent increases

Once the method of setting increases has been decided on and written into the lease, then the provisions of the lease will be binding.

On the 12th of October 2023, the Homes England model leases were updated with the annual rent increase being linked to the Consumer Price Index (CPI) + 1.0% instead of the Retail Price Index (RPI) plus 0.5%.

This change was announced by the Department for Levelling Up, Housing, and Communities for Homes England grant funded shared ownerships. In either case the calculation is based on the relevant index's figure for a specified month (September) which is published annually.

When the index figure for the specified month is nil, any rent increase will be limited to a maximum of 0.5% (where the RPI-based model lease applies to a scheme), or 1.0% (where the CPI-based model lease applies).

Where an index figure for the specified month is negative the following applies:

- a) for RPI-based model leases any rent increase will be limited to a maximum of 0.5%.
- b) for CPI-based model leases, where an index figure is between 0% and minus 1.0% then CPI + 1.0% applies; where an index figure is minus 1.0% or below then a maximum 0% rent increase applies.

Where referenced, RPI and CPI will be the values of both in the September preceding the Rent Review date.

All new build schemes will have a 1 April rent review date.

Rent reviews can include a decision to not apply a rent increase or to apply a lower increase than set out in the lease. Any proposals or requirements to limit or cap shared ownership rent increases at levels below RPI + 0.5% will be subject to the following reviews:

Legal advice will be sought where relevant to ensure WTHP mitigate any risk relating to the potential breach of any lease conditions with the shared owner and any conditions stipulated by WTHP funders.

The decision to apply rent increases in any financial year and when they will take effect will be made by the Board on an annual basis, with reference to the above.

Shared Ownership rent increases are determined by the lease.

5.5. Intermediate Market Rent Tenancies

WTHP manages a number of homes with Intermediate Market Rents. These all fall within the Rentplus housing stock.

5.6. Rentplus Property Tenancies

WTHP current manages housing stock from Rentplus on the basis of fully repairing leases.

This housing stock holds homes let to tenants on two different tenancy types:

- Affordable Rent (falls under the Rent Standard).
- Intermediate Market Rent (is excepted from the Rent Standard).

5.6.1. Rent Plus Homes with Affordable Rent Tenancies

For the purposes of charging rent, the Affordable Rent Rent Plus homes are charged in line with the conditions set out under the 'Affordable Rent' section of this policy, with **one** exception: Rents are increased in line with the annual anniversary of the tenancy start date or from the first Monday in September depending upon the existing terms.

5.6.2. Rent Plus Homes with Intermediate Market Rent Tenancies

Whilst these tenancies are excepted from the Rent Standard, WTHP has chosen to treat these homes as if they were Affordable Rent tenancies, as outlined in 3.3 above.

Rents are increased in line with the annual anniversary of the tenancy start date, or from the first Monday in September depending upon the existing terms.

5.7. Social Tenants with High Incomes

For guidance on rents for social tenants with high incomes i.e. properties let to households with an income of at least £60,000 per year, the Policy adopts the requirements set out in the RSH Policy Statement on Rents for Social Housing. WTHP does not actively pursue tenancy determination for those in high incomes.

Reference Documents

The Rent Standard and Guidance (Published 13 February 2020)

<https://www.gov.uk/government/collections/rent-standard-and-guidance>

Policy Statement on Rents for Social Housing

[Policy Statement on Rents for Social Housing.](#)

Limit on annual rent increase guidance

[Limit on annual rent increases](#)

2023 Rent Standard

[2023 Rent Standard](#)

The formula rent calculation

Appendix A of the Policy statement on rents for social housing (updated 14 December 2022)

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing#appendix-a-information-for-calculating-formula-rents>

Example formula rent calculation

Appendix B of the Policy statement on rents for social housing (updated 14 December 2022)

<https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing#appendix-b-example-calculation-of-a-formula-rent>

Homes England's Capital Funding Guide and Shared Ownerships

<https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

WTHP Rent Policy Procedure

WTHP January 1999 Property Valuations are held on the Pyramid housing management and finance system.

When setting policy, the Willow Tree Housing Partnership will ensure a golden thread of best practice runs through all aspects of its operations in respect of equality, diversity, and inclusion. It will seek to minimise adverse environmental impacts arising as a consequence of its work. This approach and all policies will be reviewed on their anniversary date or as new guidance or legislation is introduced, whichever occurs sooner.

4.3 Roles and Responsibilities (Summary)

Responsibilities	Board	Leadership Team	Review Manager	Specific Team
Overall Responsibility including compliance with Rent Standard	✓	✓	Chief Executive Officer	
Decision on application of rent flexibility in any given financial year	✓			
Changes to tenure types	✓			
Changes to anniversary dates for rent increases	✓			
Review and approval of rent setting policy	✓		Finance Director	Finance
Annual Rent Review (approval)	✓		Finance Director	Finance
Annual Rent Standard Compliance report	✓		Finance Director	Finance
Annual Rent Review (implementation)		✓	Finance Manager / Housing Services Operations Lead	Finance / Operations
Ensuring the standing data on properties in relation to bedroom size in the housing management and finance system is correct based upon stock condition surveys		✓	Housing Services Operations Lead	Operations
Ensure that properties are properly classified with the correct tenure type in the housing management and finance system and other corporate systems		✓	Housing Services Operations Lead	Operations

4.3 Roles and Responsibilities (Summary)

Responsibilities	Board	Leadership Team	Review Manager	Specific Team
Setting of rents on re-lets		✓	Finance Manager	Finance
Setting rents for new developments		✓	Development Manager	Development
Shared ownership %age equity held by WTHP, initial rents and resale information		✓	Shared Ownership and Rentplus Housing Officer	Operations
Input of new rents onto housing management and finance system		✓	Finance Manager	Finance
External valuations for Affordable Rents (excluding RentPlus properties)		✓	Finance Manager	Finance
External valuations for Rentplus properties		✓	Shared Ownership and Rentplus Housing Officer	Operations