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<th><strong>POLICY:</strong></th>
<th>Rent Policy</th>
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<tr>
<td><strong>Date Approved:</strong></td>
<td>August 2018 (first amendment to policy approved by Group Board April 2015)</td>
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<td><strong>Approved By:</strong></td>
<td>Executive Directors (minor changes only)</td>
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<td><strong>Applicable to:</strong></td>
<td>The Riverside Group – residential customers in rented and part owned properties.</td>
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<td><strong>Lead Director/Policy Owner:</strong></td>
<td>Hugh Owen</td>
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<td><strong>In Consultation with:</strong></td>
<td>The Riverside Customer Voice and Irvine HA Tenant Scrutiny Framework (no further consultation in this instance since amendments are minor)</td>
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<tr>
<td><strong>Related Documents</strong></td>
<td>Rent Framework</td>
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<td><strong>Review Date:</strong></td>
<td>August 2021</td>
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Rent Policy

Date: 21st August 2018

1. Purpose

The aim of the rent policy is to provide a set of principles to guide the setting and varying of rents (in residential properties) which meet legal, regulatory and best practice requirements. The policy aims to balance Riverside’s regulatory duties to maintain financial viability by maximising rental income with the need to ensure that our rents remain affordable to tenants across different income groups including those on low pay and/or receiving benefits.

The policy applies to Riverside rents (including Scotland) and in particular:

— Fair rents
— Social rents including properties subject to special arrangements associated with stock transfers, mergers etc.
— Affordable rents

It also recognises that principles of legality, regulatory compliance, financial viability and fairness will apply to other rent regimes including:

— The rent element of shared ownership properties
— Intermediate rents and Mid-market rents in Scotland
— Mortgage rescue
— Market rents

The policy does not cover:

— Rents on non-residential properties
— Garages
— Service charges other than in relation to their impact on the affordability

The policy is designed to set out high level principles which are relevant across the group. For this reason a more detailed framework document has been developed to set out our approach to the different mechanisms for the setting and varying of rents. This is varied from time to time, outside the standard policy review cycle.
2. **Guiding Principles**

**Statement of Intent**

Riverside will set and vary rents at levels which are intended to be affordable to typical tenants in the intended customer group whilst maintaining sufficient income to ensure viability and deliver our charitable objectives. Rent setting will comply with legal and regulatory requirements, and whilst rents may vary geographically they will not be set with regard to personal circumstances.

**The desired outcomes are:**

— **Legal and regulatory:** Both policy and practice will be within the law and will meet all regulatory requirements including the Regulator of Social Housing’s Rent Standard and accompanying guidance. For Scotland they will also meet the Scottish Social Housing Charter.

— **Contractual compliance:** The setting and varying of rents must be consistent with the relevant clauses in the applicable tenancy agreements or leases, as well as any obligations arising from stock transfer and merger agreements.

— **Affordability:** Social Rents and Affordable Rents (including any eligible service charges) must be set at levels which:

  - are below market levels,
  - ensure low income working households have sufficient income to live on without creating undue dependence on benefits to meet housing costs. Appropriate mechanisms for achieving this affordability outcome will be set out in the framework document described above.
  - take account of the operation of the benefit system by ensuring that benefits will cover eligible housing costs for the majority of households entitled to state support.

Fair rents are set by the Rent Officer (see Glossary below). However, Riverside can decide to defer or implement a fair rent increase in stages on account of the factors set out above.

For the avoidance of doubt the affordability outcomes described above do not apply to market rented properties.

— **Viability:** Rents will be set and varied to ensure the rental income stream is sufficient to support Riverside’s financial viability and allow the delivery of its’ charitable objectives. This includes ensuring that initiatives such as shared ownership and market rent schemes generate sufficient income to maintain their viability.
— **Compliance with funding requirements**: For shared ownership, mortgage rescue and intermediate schemes rents will be set in accordance with the funding rules which in turn will ensure the scheme is viable.

— **Consultation**: The policy and principles of rent setting and varying will be the subject of an open dialogue with the approved resident consultation body.

— **Consistency**: Wherever possible rent setting and rent variation will be consistent across the Riverside Group whilst retaining the capacity to reflect:

- legal and regulatory differences (such as those applying to Scotland)
- specific contractual agreements (including those in relation to stock transfers and mergers)
- variations in our stock and tenure type, and the local housing market.

— **Promotion of Equality**: The rent setting policy will be applied equally to all tenants of Riverside regardless of their ethnic or social grouping. It will not have a disproportionate adverse impact on any of the groups with protected characteristics in relation to equality of opportunity.

### 3. Glossary of terms

— **Fair rents**: Fair Rents are charged in most housing association rented accommodation let before 15 January 1989 and tenancies granted after that date to existing secure tenants (of the same landlord). Tenants on secure tenancy agreements regulated by the 1985 Housing Act have their fair rents set by the independent Rent Officer Service and have a right of appeal. This mechanism is independent of Riverside and is administered locally.

— **Social rents**: Social Rents are rents charged by Registered Providers for social housing (in accordance to the statutory definition set out in the Housing and Regeneration Act 2008). In effect this is homes let to the majority of new tenants after 15 January 1989, including tenants who have been transferred from a local authority or other public sector body. Within Riverside, social rents are charged on assured, and assured shorthold tenancy agreements (including assured shorthold for starter tenancy agreements). They are currently subject to target or formula rents set in accordance with a formula set out in regulation – see below.

— **Scottish Social Rents**: Social Rents are charged by Registered Social Landlords in Scotland to all tenants with a Scottish Secure Tenancy or a Short Scottish Secure Tenancy (except for agreed Mid-Market rent developments). These rents are not directly regulated although there is
a legal duty to consult on rent levels and a requirement that a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them.

- **Affordable rents**: In England, Affordable rents are higher sub-market rents which developing Registered Providers (RPs) can charge to subsidise the provision of new homes for rent. RPs accepting grant from Homes England generally are required to charge higher Affordable Rents, up to 80% of market rents (including service charges), on the properties funded. With the agreement of Homes England, Registered Providers may also be able to convert re-let properties to Affordable Rents to support the costs of development, but only where this is explicitly permitted in a funding agreement. Affordable rents can be charged on assured and assured shorthold (including assured shorthold for starter) tenancy agreements.

- **Formula rent**: Formula rents replace the target rents previously set by the Regulator of Social Housing for social rent properties. The calculation of a formula rent is derived from a combination of property values, local earnings and property size, in accordance with a formula that is set out in regulatory guidance.

- **Shared ownership**: A form of subsidised home ownership (now known as Social Homebuy) whereby the purchaser buys a proportion of the equity of the property (usually 25-75%) and rents the balance.

- **Intermediate rents (mid-market rents in Scotland)**: Relate to housing at prices and rents above those normally charged for social rent properties, but below market rent, typically 80%.

- **Mortgage Rescue (Mortgage to Rent in Scotland)**: The Mortgage Rescue Scheme and the Mortgage to Rent Scheme in Scotland were designed to support vulnerable owner-occupiers at risk of repossession to remain in their home on a rental basis. Mortgage Rescue Properties were initially let on intermediate rents. However applications for the Mortgage Rescue Scheme are no longer available. Mortgage to Rent properties are initially let on social rents at levels determined by the Scottish Government.

- **Market rent**: Rented housing let at the maximum rent level that can be achieved in the local market.