



Regulator of
Social Housing

Rent Standard

April 2020



OFFICIAL

Contents

1. Required outcome	1
2. Exclusions from this Rent Standard	1
3. Specific expectations	2
2020 limit	3
Social rent	3
Fair rent	4
Affordable rent housing	4
Moving between types of rent	5
Local authority information requirements	6

1. Required outcome

- 1.1 Registered providers¹ must set rents from 1 April 2020 in accordance with the Government's Policy Statement on Rents for Social Housing 2019 (hereafter Rent Policy Statement)² which can be found on the Ministry of Housing, Communities and Local Government (MHCLG) website³.

2. Exclusions from this Rent Standard

- 2.1 This Rent Standard applies, subject to the exceptions in 2.2-2.5 below, to 'low cost rental' accommodation, as defined by section 69 of the Housing and Regeneration Act 2008. All other terms used in this Rent Standard are defined within the 'Policy Statement on rents for social housing'

¹ This Rent Standard applies to both private registered providers and local authority registered providers

² And any future amendments/additions to that Policy Statement

³ <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020>

- 2.2 This Rent Standard does not apply to the following categories of property, as defined in Chapter 5 of the Rent Policy Statement:
- Shared ownership low cost rental accommodation
 - Intermediate rent accommodation
 - Specialised supported housing
 - Relevant local authority accommodation
 - Student accommodation
 - PFI social housing
 - Temporary social housing
 - Care homes.
- 2.3 This Rent Standard does not apply to property let to a high-income social tenant, for the period of time where that property is let to that tenant. Where a tenancy of a high-income social tenant ends, or where the tenant no longer fits the definition of “high income social tenant” as set out in the Rent Policy Statement, this Rent Standard then applies to that tenancy, and/or to future lettings of that property.
- 2.4 Where the application of this Rent Standard would jeopardise the financial viability of a private registered provider, the Regulator may agree, on request from that provider, an exemption to specific requirements of the Rent Standard for a period of time⁴.
- 2.5 In a situation (such as an insolvency) where there is a mortgagee in possession, or receiver, in place, or where the registered provider’s stock is sold to a non-registered landlord following intervention by the Regulator, neither the mortgagee in possession, nor the receiver, nor the landlord to whom the stock is sold will be bound by this Rent Standard.

3. Specific expectations

- 3.1 Registered providers must comply in full with all the requirements and expectations set out in this Rent Standard. They must additionally comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.

⁴ Further guidance on providers requesting an exemption can be found in the policy statement and arrangement for local authorities will be published by MHCLG in due course

2020 limit

3.2 In the year following the end of the social rent reduction period the maximum weekly rent for an existing tenant is the 2020 limit. “2020 limit” means the amount that is found by:

- a. determining the average weekly rent for the tenant’s accommodation in the fourth relevant year specified in section 23(6) of the Welfare Reform and Work Act 2016, and
- b. increasing that amount by CPI + 1%⁵
- c. in this paragraph “average weekly rent” means:
 - i. in a case where the weekly rent changes because the accommodation is re-let after the start of the fourth year, the weekly rent payable by that tenant for that accommodation in respect of the most recent period for which rent was payable at that changed rate provided that that change complies with the requirements of the of the social housing provisions⁶ of the Welfare Reform and Work Act 2016 Act and any Regulations made under those provisions; or
 - ii. in any other case, the average weekly rent payable by the tenant of that accommodation in respect of the fourth year.

3.3 This formula for calculating the 2020 limit applies to both Social Rent and affordable rent housing.

Social rent

3.4 Where accommodation is not affordable rent housing (see 3.8-3.9 below) the maximum weekly rent for a tenant who is granted a tenancy of the accommodation for the first time is formula rent. Formula rents are exclusive of any service charges.

⁵ CPI, where mentioned, is the Consumer Price Index rate published by the Office for National Statistics for September of the preceding financial year

⁶ “social housing rent provisions” has the meaning in section 33 of the 2016 Act.

Rent Standard

- 3.5 The formula rent of accommodation is found in accordance with the method set out in paragraphs 2.4 to 2.6 of the Rent Policy Statement. The rent set may include an upwards tolerance – “Rent Flexibility” – of
- if the accommodation is supported housing, 10% of formula rent; or
 - if the accommodation is not supported housing, 5% of formula rent.
- 3.6 As set out in paragraph 2.8 and 2.9 of the Rent Policy Statement, formula rent is subject to the rent cap. The rent cap is determined in accordance with paragraphs 11 and 12 of Appendix A to the Rent Policy Statement.
- 3.7 Subject to the 2020 limit (see above), the weekly rent of any existing tenant may not be increased by more than:
- CPI +1% in any year; or
 - if the tenant’s rent exceeds the rent flexibility level, CPI in any year.

Fair rent

- 3.8 In the case of tenancies subject to fair rent protection, the maximum weekly rent is the lower of the fair rent set by the Rent Officer, and formula rent (subject to both the rent caps and the rent flexibility level).
- 3.9 Registered providers may not increase the rent of a tenant with fair rent protection by more than CPI +1% in any year (even if the tenant’s rent is below the formula rent level and the maximum fair rent is increased by more than that amount).

Affordable rent housing

- 3.10 Affordable rent may only be charged where the property in question is provided by a:
- a. registered provider pursuant to a housing supply delivery agreement between that provider and the Homes and Communities Agency (now known as Homes England) or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent; or
 - b. registered provider pursuant to an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or
 - c. local authority, and the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent.

- 3.11 In addition to the above, Affordable Rent may be charged where the property has been acquired by a registered provider and was affordable rent housing when it was acquired.
- 3.12 Where Affordable Rent is being charged, the maximum rent inclusive of service charge for a new tenant under a new tenancy is 80% of the market rent⁷ for the tenant's accommodation, subject to 3.13 and 3.14 below.
- 3.13 If the formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the tenant's accommodation, the maximum weekly rent is formula rent which is to be set as in paragraphs 3.3-3.6 above and would be exclusive of service charges.
- 3.14 The rent of an existing affordable rent tenant (including where they have a new tenancy) may not be increased by more than CPI +1% in any year, subject to 3.2 above. 'Existing tenant' in this context means an existing tenant of the specific property concerned. For the avoidance of doubt, the revised rent on re-letting to an existing tenant may only be re-based to 80% of current market value where the resulting rent would be no more than the rent arrived at by a CPI+1% increase.

Moving between types of rent

- 3.15 Where a tenancy subject to fair rent protection ends and the property is re-let, that new letting should be at social rent (or Affordable Rent where applicable and permitted. See 3.17a below).
- 3.16 On re-letting of a property previously occupied by a high-income social tenant, the new letting should be at social rent (or Affordable Rent where applicable and permitted. See 3.18a below).
- 3.17 Social rent properties may not be converted to:
- a. Affordable Rent (other than in the circumstances set out in chapter 2 of the Rent Policy Statement);
 - b. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement); or
 - c. intermediate rent.

⁷ market rent" means, in relation to accommodation, an estimate of its market rent inclusive of all service charges at the time the tenancy is granted that is based on a valuation in accordance with a method recognised by the Royal Institution of Chartered Surveyors.

Rent Standard

- 3.18 Affordable Rent housing must not be converted (including on re-let) to:
- a. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement); or
 - b. intermediate rent.

Local authority information requirements

3.19 Local authority registered providers shall communicate with the Regulator in an accurate and timely manner. This includes all data and information required by the Regulator in respect of compliance with this Standard. Where material issues that relate to non-compliance or potential non-compliance with the Rent Standard are identified by local authorities, they are expected to communicate these to the Regulator promptly.



© RSH copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/rsh

Any enquiries regarding this publication should be sent to us via enquiries@rsh.gov.uk or call 0300 124 5225.

or write to:

Regulator of Social Housing
1st floor – Lateral
8 City Walk
Leeds LS11 9AT

RSH regulates private registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs.