

Appendix C: Rent Setting Narrative

Home Type	New - Lets	Re - Lets	Rent reviews	Notes
Social Rented (general rented)	<ul style="list-style-type: none"> From April 2020, new lets will be set at formula rent, unless specific arrangements are in place for the property. 	<ul style="list-style-type: none"> Where a property is re-let to a new tenant, the rent charge will typically be the same as at the end of the previous tenancy. Where a property is re-let to the same tenant, this is considered a continuation of the same tenancy for the purpose of rent setting and no new rent will be set. 	<ul style="list-style-type: none"> Stevenage Borough Council will observe Homes England guideline limit for rent increases of not more than CPI+1%, using the most recent September CPI figure. Baseline is the rent for 2019/20 	<ul style="list-style-type: none"> The Government policy contains flexibility to set rents at up to 5% above formula rent (10% for supported housing). If applying this flexibility, providers are required to ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.
Affordable rents	<ul style="list-style-type: none"> The maximum rent is 80% of the market rent, inclusive of service charges, or the <i>social rent rate</i>, exclusive of service charges, whichever is greater. 	<ul style="list-style-type: none"> On each occasion that a property is re-let, Council will re-base the rent using the same methodology as for a new let. If the accommodation is re-let to the same tenant because of the introductory tenancy ending, the rent will not be re-based. Note that in homes developed through S.106, an individual S.106 	<ul style="list-style-type: none"> Where a tenant's rent review date does not align with the start of the financial year, the Act overrides the rent review dates in a tenancy agreement to enable the Council to reduce the rent from the start of the relevant year. 	<ul style="list-style-type: none"> Affordable rents are rents set up to 80% of market rent levels within the local area. Within the terms of the government's affordable homes programmes, existing vacant properties can be converted from social rent to affordable rent in certain circumstances

	<ul style="list-style-type: none"> The market rent should be based on the valuation methods recognised by the Royal Institute of Chartered Surveyors. 	<p>agreement may override the above.</p>	<ul style="list-style-type: none"> Council will observe Homes England guideline limit for rent increases of CPI+1%, using the most recent September CPI figure. 	
<p>Market rent (For leased properties to other registered providers)</p>	<p>In setting our market rents, we will consider the following:</p> <ul style="list-style-type: none"> Input from local letting agencies Local rent information Property history, e.g. void levels, demand. Market interest. 	<p>Re-based as with new lets.</p>	<p>Re-based as with new lets.</p>	

Shared Ownership	Currently set at up to 3% of the unsold equity and Stevenage Borough Council reserves the right to amend this approach	As new let.	<ul style="list-style-type: none">• Typically, RPI+0.5%, using the RPI rate from the previous September.• Some leases allow gross rent times 1.005	
-------------------------	--	-------------	---	--