

POLICY: AFFORDABLE RENT

1.0 Introduction

1.1 The Affordable Rent Policy applies to all new build properties developed by Thames Valley Housing (TVH) as part of the Home & Communities Agency (HCA) and Greater London Authority (GLA) funding programmes post 2011. The policy also applies to eligible general needs re-lets.

2.0 Policy Statement

2.1 Registered Providers (RP's) of social housing are able to offer Affordable Rent tenancies as part of a supply agreement with the HCA & GLA.

2.2 The Association is committed to continuing to provide new affordable homes for people in housing need and will offer these on an Affordable Rent in accordance with this policy.

2.3 Due consideration will be given to:

- ▲ Market Rents
- ▲ Local Housing Allowance (LHA)
- ▲ GLA/HCA rent requirements
- ▲ Target Rents

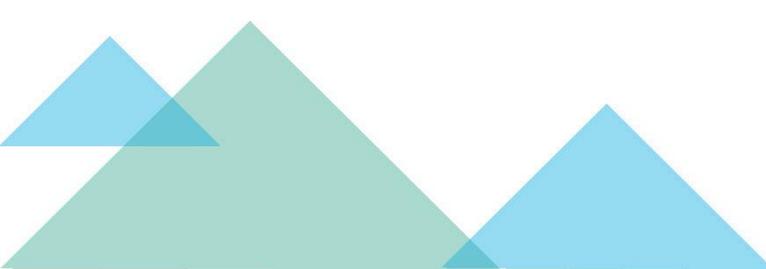
3.0 Regulatory Code and Legal Framework

3.1 The Localism Act 2011 makes variations to the Housing Act 1988, which allows RPs the option to grant fixed-term tenancies and to set rents at up to 80% of market rent levels.

4.0 Definitions

4.1 Affordable Rent

Rent that can be charged up to 80% of the local market rent, which is based on an average of privately rented properties. However consideration will need to be given to Local Housing Allowances (LHA). The GLA adopt capped rents and discounted rent. The definitions of the GLA's two rent levels are:

- ▲ Capped Rent, which must be no greater than the higher of (i) 50% of the market rent (inclusive of service charge) and (ii) the Formula Rent for an equivalent dwelling;
 - ▲ Discounted Rent, which must be no greater than the lower of (i) 80% of the market rent and (ii) the Local Housing Allowance.
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4.2 Assured (non-Shorthold) Tenancy

A tenancy with no time limit granted under the Housing Act 1988 (as amended by the Housing Act 1996).

4.3 Assured Shorthold Tenancy

A tenancy granted under the Housing Act 1996, which gives the tenant the right to occupy a property for a fixed period of time, provided that they keep to the terms of their tenancy agreement. At the end of the fixed period of time (often 12 months), the landlord or the tenant has the right to terminate the tenancy. Assured Shorthold tenancies can be renewed for another fixed period of time if both parties agree to it.

4.4 Fixed-Term

The length of time (usually five years) a property is let to a tenant granted an Assured Shorthold fixed-term tenancy. There are specific circumstances where we will offer a tenancy for a fixed term, and these are detailed in our Fixed Term Tenancy Policy.

5.0 Letting at Affordable Rent

5.1 All new build properties will be let at an affordable rent (unless the local authority/S106 stipulate otherwise). In addition, eligible one and two bedroom properties previously on a social rent have converted to an Affordable Rent.

5.2 Units approved for Affordable Rent are flagged as meeting the necessary requirements, including S106 restrictions. Units will not be let at Affordable Rent unless this flag is in place.

5.3 Exclusions to Affordable Rent include properties let to:

- ▲ Permanent Decants
- ▲ Under-occupiers (within our own stock)
- ▲ Emergency Moves (Direct Offers to Band A+)

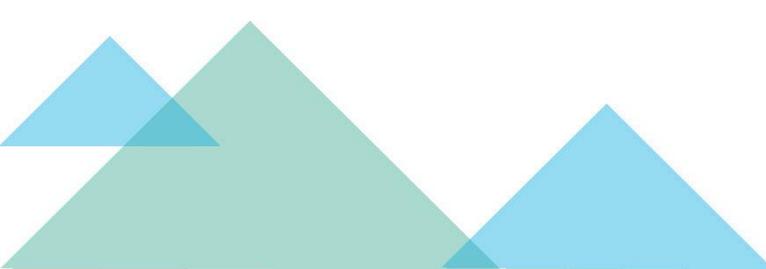
5.4 An affordability assessment will be carried out with all applicants to units subject to Affordable Rent. Further information can be found in our Lettings Policy.

6.0 Rent Levels, Rent Valuations and Rent Setting

6.1 The maximum rent (including service charge) for an Affordable Rent property is set by the Government at 80% of local market rent. However consideration has been given to affordability, and affordable rents must not exceed the Local Housing Allowance.

6.2 Within Greater London, Affordable Rents are either Capped Rents or Discounted Rents. The level of affordable rent is decided by us together with the Local Authority.

6.3 In other areas, Affordable Rents are set at the lowest of:



80% of the market rent, as assessed at each letting by a valuation; and 100% local housing allowance for the area.

- 6.4 Affordable Rent levels will be set using a Royal Institute of Chartered Surveyors (RICS) recognised method and will follow any guidance issued by the HCA on valuation for Affordable Rent tenancies subject to any local agreement with the relevant local authority.
- 6.5 Independent valuers have been appointed to provide market valuations. Valuations will be valid for 3 months, at which time a new valuation will be sought for re-letting.
- 6.6 Where an Affordable Rent tenancy is to be re-let, the rent will be recalculated using a RICS recognised method to assess the Market Rent valuation. This rent will be charged at up to 80% of the market rent or at the current rent, whichever is the greater. Rents cannot go above 80% when renewing a tenancy after five years. In some cases this may result in a lower rent.
- 6.7 Rent charged will be a total figure, inclusive of service charge. Where a service provided is not eligible for housing benefit this will be listed separately.
- 6.8 With effect from 2016, rents for existing tenants will decrease annually on the first Saturday in April, with the final decrease on 6th April 2019.

7.0 Appeals Procedure

- 7.1 Where a property let at an affordable rent has been assessed as unaffordable for an applicant, there is a right of appeal, which is detailed in the Lettings Policy. There is no right of appeal relating to the type of rent charged.

8.0 Policy Information

Policy owner: Housing Services Manager, and Regional Land & Programme Director

Approved by: Director of Residential Services

Last review date: May 2016

Next review date: May 2019

