

TOWER HAMLETS COMMUNITY HOUSING

Rent Setting Policy

1.0 Statement of Intent

- 1.1 THCH is committed to keeping rents affordable. We shall aim to comply with applicable regulatory requirements with respect to rent setting and will ensure that the right balance is struck between protecting THCH's financial viability and the requirement to keep rents affordable for the long term.
- 1.2 THCH is committed to the ten-year rent guarantee which expires on the 31st March 2010. For all homes covered by the guarantee, the policy will apply to the transferred property regardless of tenancy changes.
- 1.3 During the rent guarantee period variable service charges will be included in the rent and recovered as rent. A breakdown of variable service charges will be sent to every tenant.
- 1.4 When the 31st March 2010 rent guarantee period expires, rents will be increased in accordance with Rent Restructuring rules, and variable service charges will be separately accounted for and cease to be part of the rent.
- 1.5 For all other social housing rents, THCH is committed to compliance with the Rent Restructuring regulations as and when pronounced by the Tenant Services Authority. Under these regulations, THCH will aim to apply the maximum increases allowed in order to achieve rent convergence in the shortest period possible.
- 1.6 Shared Ownership rents are set by reference to the equity value retained by THCH. The rents are aimed at covering the cost of finance and do not include any element for housing management.
- 1.7 With respect to commercial properties, THCH will charge and review rents in accordance with current market rates applicable to each location.
- 1.8 Wherever, practical, THCH will show variable service charges separately from rent.

2.0 Operation of this policy

- 2.1 Rent increases will be applied annually on the Monday of the week in which the anniversary occurs except when the anniversary occurs in the last week of March in which case the rent increase will be applied from the Monday of the first week of April. The period from one rent increase until the next will be the “rent period”
- 2.2 In the case of tenancies which have been created after the beginning of the last rent period, the initial rent charged will be the rent estimated for the next rent period and no rent increase will be applied until the next rent period has finished.
- 2.3 In setting social housing rents, THCH will comply with the Tenant Services Authority Rent Caps applicable at the time of setting any new rent.
- 2.4 Rents for the initial Shared Ownership units (Durward Street) were set at 3.5% of equity. Rents for new Shared Ownership units are set at 3.0% of equity until further notice.
- 2.5 The rent of properties let as non-secure tenancies (NST's) on behalf of the London Borough of Tower Hamlets Homeless Unit will include a premium to be set by THCH from time to time.
- 2.6 Weekly rents for garages and car park spaces will be increased RPI Plus 0.5%.
- 2.7 THCH does not operate any rent free weeks.

3.0 Mesne Profits

- 3.1 When a tenancy is terminated for any reason and THCH allows the tenant to remain in occupation, no rent will be set or accepted by THCH beyond the end of tenancy.
- 3.2 Any money received for use and occupation of the property will be treated as Mesne Profits.

4.0 Review of the Policy

- 4.1 This policy will be reviewed on an annual basis prior to the commencement of the financial year.