

Tenancies governed by the Rent Restructuring rules

The method of applying an average rent increase for any given amount is as follows:

Each category of dwelling has a target rent, the basis for calculating the target rent is from the base year of 2000/2001 using the formula below. This is then uplifted by an annual inflation factor adjusted to allow for convergence with Registered Social Landlord rents by 2015/16.

The 2000/2001 target rent:

70% [No. of Beds Weighting x Public Sector National Average Rent x Relative County Manual Earnings]
Plus
30% [Public Sector National Average Rent x Relative Property Value]

Where:

The no. of beds weighting varies from 0.8 for a bedsit to 1.4 for a six bedroom property
Public Sector National Average Rent is the figure from April 2000
Relative County Earnings is Average County Manual Earnings 1997-99 divided by the National figure
Relative Property Value is an individual property value divided by the National Average Public Sector Property Value at January 1999.

The target rents from 2001/02 to 2014/15 are based on the above formula uplifted for Retail Price Index Inflation plus 0.5%. From 2015/16 onwards increases are limited to Consumer Price Index Inflation plus 1%.

2001/02 = 2000/01 Target Rent + 4.3%
2002/03 = 2001/02 Target Rent + 2.2%
2003/04 = 2002/03 Target Rent + 2.2%
2004/05 = 2003/04 Target Rent + 3.3%
2005/06 = 2004/05 Target Rent + 3.6%
2006/07 = 2005/06 Target Rent + 3.2%
2007/08 = 2006/07 Target Rent + 4.1%
2008/09 = 2007/08 Target Rent + 4.4%
2009/10 = 2008/09 Target Rent + 5.5%
2010/11 = 2009/10 Target Rent – 0.9%
2011/12 = 2010/11 Target Rent + 5.1%
2012/13 = 2011/12 Target Rent + 6.1%
2013/14 = 2012/13 Target Rent + 2.45%
2014/15 = 2013/14 Target Rent + 3.7%
2015/16 = 2014/15 Target Rent + 2.2%

The total rent increase required is charged to individual dwellings based on the difference between present actual rents and target rents subject to the constraint below.

Under the Rent Restructuring rules any change in rent cannot exceed Retail Price Index Inflation + 0.5% ± £2. As detailed in the rent report 2014/15 was the last year this is applicable to. From 2015/16 rent increases are limited to Consumer Price Index inflation plus 1%.

Tenancies outside the Rent Restructuring rules

(a) Affordable Homes Programme

The rent chargeable will be at the rate of 80% of the market rent.

In order to provide protection and certainty for tenants, providers and funders, the maximum annual rent increase on an Affordable Rent property will be Consumer Price Index Inflation (at September annually) +1%. Each time the property is re-let the rent must be reset to 80% of the current market rent.

(b) New Homes (outside of the Affordable Homes Program)

Formula Rent + 5%.

Annual increases are limited to Consumer Price Index (at September annually) + 1%

(c) New lets to existing stock

New lets are outside the rent restructuring policy for social rented housing.

As each property is let, the rent chargeable will be at the rate of Formula Rent.