



Cornwall Rural Housing Association Limited

Rent Setting Policy

1. Introduction

- 1.1 This rent setting policy outlines the approach of Cornwall Rural Housing Association (CRHA) in setting, collecting and managing rent. It is designed to fully comply with regulations set out by the Regulator of Social Housing's (RSH) Rent Standard, ensuring that rent practices are fair and transparent, while providing guidelines for our customers.
- 1.2 This policy applies to:
- Social rent properties.
 - Affordable rent properties.
 - Intermediate rent products, where applicable.
 - Shared ownership rent elements, where relevant.

2. Purpose

- 2.1 The purpose of this policy is to ensure that all procedures concerning rent setting, collection and arrears management are compliant with RSH guidelines, promoting good governance and financial viability while protecting customer interests. This policy applies to all properties owned and managed by CRHA and is binding for all current and future customers.
- 2.2 The policy ensures compliance with:
- The Regulator of Social Housing Rent Standard.
 - Government Policy on rents for social housing.
 - Formula rent requirements.
 - Applicable rent caps.
 - Annual rent increase limits.
 - Any subsequent legislation, Regulatory Standards, guidance or directions issued by Government or the RSH.

3. Policy Objectives

- 3.1 To provide a clear, consistent method of calculating and collecting rent, set lawfully and transparently.
- 3.2 CRHA is regulated by the RSH. Rent levels are set in accordance with the Rent Standard 2026 (and any successor Standard), associated Government Rent Policy and applicable Legislation.
- 3.3 Ensure rents remain affordable and sustainable and rental income is sufficient to cover operating costs.

3.4 Application of the formula rent methodology where required and ensure rents do not exceed applicable rent caps.

3.5 For 2026/2027 the maximum weekly social rent caps that can be charged for a property are as follows:-

Bedrooms	Weekly rent cap
1 bedroom/bedsit	£204.35
2 bedroom	£216.35
3 bedroom	£228.36
4 bedroom	£240.37
5 bedroom	£252.39
6+ bedroom	£264.41

3.6 To apply annual rent increases within Government limits.

4. Rent Setting

4.1 Rent levels will be set in accordance with the Rent Standard, relevant legislation and regulatory requirements. Rents will be determined using the prescribed rent setting methodology and will not exceed the maximum rent levels permitted by regulation.

4.2 Rent is reviewed annually, and any changes will be applied in line with the governments rent policy and the requirements of the RSH. Customers will receive written notification of any rent change, providing at least four weeks' notice and complying with all statutory and tenancy requirements.

5. Rents on existing properties – “Social Rents”

5.1 Social rents for existing properties will be set in accordance with the Rent Standard, relevant legislation, and government policy. Social rents are determined using the prescribed rent formula, which takes account of factors including property value, local earnings, and property size and subject to applicable rent caps.

5.2 CRHA will set rents in accordance with its Rent Policy and the requirements of the Rent Standard. Where a property's rent is below its formula rent, CRHA may, where permitted by regulation and government policy, apply rent increases that move the rent towards the formula rent level over time.

6. Rents on new properties – “Affordable Rents”

6.1 CRHA has not applied Affordable Rent levels to new homes since before 2021 nor has any plans in the future to do so. This approach supports our strategic objective of providing the most affordable tenure possible for our customers and aligns with Homes England's grant funding expectations in relation to rent levels.

6.2 For relets of Affordable Rent properties, rents will be set at up to 80% of the prevailing market rent, as assessed by a suitably qualified valuer in accordance with Royal Institution of Chartered Surveyors (RICS) standards. Affordable Rents will be inclusive of any applicable service charges.

- 6.3 Where the affordable rent is higher than the Local Housing Allowance (LHA) then the rent will be set at the LHA.
- 6.4 Shared Ownership rents will be set in accordance with the allocation of grant. Increases will be applied as set out in the individual leases.
- 6.5 CRHA has no current plans to convert existing social rent homes to another tenure and will continue to let these properties in accordance with their designated tenure.

7. Rent Increases

- 7.1 CRHA shall apply annual rent increases in accordance with the Rent Standard and government policy and be limited to the maximum increase permitted by government policy for the relevant years.
- 7.2 Social rents are based on the government's formula rent methodology, which takes account of relative values, local earnings and property size. Annual rent increases are applied in accordance with the Rent Standard and applicable Government rent policy.
- 7.3 In accordance with the Rent Standard, annual rent increases will normally be calculated using the September Consumer Price Index (CPI) which is published in October by the Office for National Statistics plus any permitted uplift.
- 7.4 The format currently used is Consumer Price Index (CPI) +1%.
- 7.5 In accordance with the Rent Standard and for rent increases applied in the period 1st April 2026 to 31st March 2027, and subject to the rent cap requirement, the weekly rent of an existing tenant of social rent housing, CRHA will increase the rent by up to CPI + 1% in any year unless the following condition applies:
- If the weekly rent when increased by CPI +1% exceeds the rent flexibility level for the year in which the rent increase will apply, CRHA will increase the weekly rent by up to CPI.
- 7.6 In accordance with the Rent Standard and for rent increases applied in the period from 1st April 2027 to 31st March 2028, and subject to the rent cap requirement, the weekly rent of an existing tenant of social rent housing, CRHA will only increase the rent by up to CPI +1% in any year unless the following conditions applies:
- If the weekly rent when increased by CPI +1% exceeds the rent flexibility level for the year in which the rent increase will apply CRHA increase the weekly rent by up to CPI.
 - If the weekly rent when increased by CPI +1% is below formula rent for the year in which the rent increase will apply, CRHA will increase the weekly rent by up to CPI +1% plus £1.00. However, if the weekly rent when increased by up to CPI +1% plus £1.00 exceeds formula rent for the year in which the rent increase will apply, CRHA will increase the weekly rent by up to CPI +1% plus the relevant amount that brings it to the level of formula rent for the year in which the rent increase will apply.

Commented [DB1]: Do any CRHA tenancies apply here? Dee has a Board action to assess if any CRHA tenancies apply ref: rent convergence.

Commented [AM2R1]: Not that I am aware of?

7.7 In accordance with the Rent Standard and for rent increases applied from 1st April 2028, CRHA will increase the weekly rent by up to CPI +1% in any year unless one of the following conditions apply:

- If the weekly rent when increased by CPI +1% exceeds the rent flexibility level for the year in which the rent increase will apply, CRHA will increase the weekly rent by up to CPI.
- If the weekly rent when increased by CPI +1 and is below formula rent for the year in which the rent increase will apply, CRHA will increase the weekly rent by CPI +1% plus £2.00. However, if the weekly rent when increased by up to CPI +1% plus £2.00 exceeds formula rent for the year in which the rent increase will apply, CRHA will increase by CPI + 1% plus the relevant amount that brings it to a level of formula rent for the year in which the rent increase will apply.

7.8 Future increases shall be determined in accordance with the annual guidance issued by the RSH.

8. Rent Increase Notices

8.1 CRHA will notify its customers annually and they will be issued with a rent increase notice at least 4 weeks prior to the increase coming into force. This notice is in accordance with the tenancy agreement issued, (Section 48 of the Landlord and Tenant Act 1987), and with statutory tenancy requirements. Rent increases will be issued each April.

8.2 The formal rent increase notice will be issued to all customers with a covering letter. The rent increase notice is a legal document and must include certain information. The rent increase notice must include the following information:-

8.2.1 Name and Address of Customer

8.2.2 The proposed new rent and the current rent

8.2.3 Other charges for the property i.e. service charges

8.2.4 The rent increase date.

8.2.5 The rent increase date (this applies to all notices) is the next increase date after the tenancy start date. The tenancy start date or the original tenancy for mutual exchanges.

8.2.6 If a tenancy agreement is entered into after April, the customer will not get a rent increase until at least 52 weeks after the previous increase. For example, if a new tenancy is issued on 1st May 2024 the next increase would be April 2026.

8.2.7 Guidance notes including how the customer can appeal.

9. Tenants Right to Appeal the Rent Increase

- 9.1 If a customer does not accept the proposed new rent they must appeal the decision prior to the rent increase date. They must inform CRHA of their appeal, and refer this decision to the local rent committee, using the form "Application referring a notice proposing a new rent under an Assured Periodic Tenancy or Agricultural Occupancy to a Rent Assessment Committee". This form can be obtained from a rent assessment panel, housing advice center or legal stationer.
- 9.2 The rent assessment committee will consider the appeal and decide what the maximum rent for the property should be. In setting a rent, the committee must decide what rent the landlord could reasonably expect for the property if it were let on the open market under a new tenancy on the same terms. The committee may therefore set a rent that is higher, lower or the same as the proposed rent.

10. Review

- 10.1 The policy will be reviewed every three years or earlier where Legislation, Government policy or Regulatory requirements change.

Date Reviewed	Changes to the Policy	Date to be Reviewed	Approved By	Author
July 2026	Addition of section 1.2 Addition of section 2.2 Section 3 updated. Section 4 reworded. Section 5 has been expanded Section 6 has been updated and 6.6 deleted. Section 7 has been completely rewritten. Section 10 has been updated. Policy to be reviewed every 3 years opposed to 5.	July 2029	The Board	AM