

RENT RESTRUCTURING A GUIDE FOR RESIDENTS

This leaflet is Hanover's guide to Rent Restructuring.

If you have a question then please do not hesitate to contact us. We will be happy to help.



INTRODUCTION

Until 2003 every Housing Association had its own policy for deciding what rents to charge. As a result, tenants of different Housing Associations could pay very different rents, even if their homes were of similar size, location and condition.

The government believed this individual approach to rent setting was unfair. As a result they introduced a system whereby all Housing Associations and local authorities had to use the same method for setting rents. This move to a common method of setting rents is known as rent restructuring.

This leaflet explains rent restructuring and how it may affect you as a tenant of Hanover Housing Association or Hanover in Hackney.

TARGET RENTS

The government established a formula to calculate the rents that should be applied to individual properties. The rents set by the formula are known as target rents. Target rents are based on the value of the property, the average earnings of people living in the county and the numbers of bedrooms in the property. The valuations take account of factors such as communal features, level access and the location of the estate. The earnings and valuation information is based on figures for January 1999 and then inflated to present day values.

The target rent can be increased by up to 10% for retirement or supported housing properties and by up to 5% for other types of housing. Hanover uses this flexibility for Hanover Housing Association tenancies in order to generate additional income, which is used to help us improve our services to you. We do not currently use this flexibility for former Hanover Heritage properties because of their generally poorer condition. We do not currently use it for Hanover in Hackney properties, in accordance with an agreement with the London Borough of Hackney.

MOVING TO THE TARGET RENT

The new system meant that some Hanover rents were lower than the target rent and some were higher. In order to protect residents from large one-off increases in rent and to make sure that the income of housing associations

was protected the pace of the increase or decrease from existing rent levels to the target rents was also limited by the government.

No rent that is lower than the target rent will rise by more than:

- The rate of inflation (based on the retail price index the September preceding the increase date) plus 0.5%
- Plus £2 per week (equivalent to £8.69 per month).

Rents that are higher than the target rent will reduce according to the following formula:

- The rent will increase by rate of inflation (based on the retail price index the September preceding the increase date) plus 0.5%
- And then be reduced by £2 per week (equivalent to £8.69 per month)

Hanover Housing Association and Hanover in Hackney rents began moving towards target levels in April 2003. Hanover Heritage properties became part of Hanover Housing Association in November 2008 and begin moving towards target levels in April 2010.

WHEN THE TARGET RENT IS REACHED

Once the target rent is reached the annual rent increase is set at the rate of inflation (based on the retail price index for the previous September) plus 0.5%.

RESPONSES TO FREQUENTLY ASKED QUESTIONS

The next section of this guide provides answers to common questions. If you have a question which is not addressed below please contact the Service Centre (telephone 0800 280 2575) for advice.

What happens if I transfer to another property?

Rents for new tenancies will be at the target rent level. This may be higher or lower than the rent you are paying now. If you receive our permission to exchange properties with another tenant (we call this a mutual exchange) the previous rent for each tenancy will continue to apply.

I have a secure tenancy agreement – am I affected by rent restructuring?

As a secure tenant you have fair rent protection. This means we cannot charge you a rent which is above that registered by the local Rent Officer Service. We will also ensure that you do not pay more than the target rent for your property and that the maximum increase in any one year is the rate of inflation (based on the retail price index for the previous September) plus 0.5%.

I have been told my rent is guaranteed. Does that still apply?

Some residents whose tenancies began as Help the Aged tenancies have a guarantee that their rent will not increase by more than the June Retail Price Index measure of inflation plus 1% per annum. This guarantee remains in place. Arrangements whereby former Help the Aged tenants pay reduced rents because they have made a loan to Hanover also continue to apply.

Will my rent change if Hanover improves my home?

In most cases no. However, if the size of your property was altered and/or additional communal facilities were added to your estate then Hanover might arrange for a revaluation of your property. If the difference between the original and new valuation was considered significant then we would recalculate the target rent.

How do I know that the rent you are charging under rent restructuring is in keeping with that charged by other landlords who are also setting rents in this way?

Each year the Tenant Services Authority publishes comparative rent information for properties in your area. This information quotes the rents charged by Hanover and other social landlords operating in the same local authority area, split by property size. Hanover's Service Centre can provide this information for you.

How can I find out what the target rent is for my property?

This information is available either from your Estate Manager or the Service Centre.

Is the rent restructuring policy used to calculate the rents on all Hanover properties?"

No. For rent restructuring to apply your home must have been built or acquired with public money. Estates which were built using private investment are exempt from this government policy. Only a small number of Extra Care estates have this exemption.

If I am not happy with the target rent you have calculated what can I do?

If you are dissatisfied with the initial explanation we provide on how we arrived at the target rent for your home then you can ask for the matter to be considered under Hanover's formal complaints procedure.

FURTHER INFORMATION

We hope this leaflet has provided you with an understanding of how we set our rents. Should you require additional information then please do contact your Estate Manager or the Service Centre (telephone 0800 280 2575). You can also ask for a copy of our rent policy.

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