

RENT POLICY



1. POLICY STATEMENT

Hanover will ensure that it sets and maintains rents at levels which are affordable to its current and potential residents, comply with legislation and regulatory guidance, and provide sufficient revenue for the business to remain viable.

2. POLICY

Hanover's principal aims will be to:

- Charge rents in accordance with the regulatory target rents and rent-restructuring framework introduced by the government from 1 April 2003. This means that rental values are calculated taking into account average county earnings, average RSL rents, a bedroom factor fixed by the government and individual property valuations.
- Utilise the discretionary additional 10% above target rent allowance except in the case of policy exceptions listed below.
- Apply a structured rent convergence process with a maximum rent increase of RPI plus 0.5%, plus £2 per week and a maximum rent decrease of RPI plus 0.5%, minus £2 per week. (RPI = all items retail price index as at the preceding September).
- Ensure that no rent will increase in any year by more than the same maximum amount.
- Meet the promises made to transferring residents living in Hanover in Hackney and former Hanover Heritage properties.
- Charge target rent from the date of first letting for all relet properties
- Increase rents for residents already paying the target rent in accordance with the regulatory framework (currently RPI at the preceding September plus 0.5%).

In order to implement the above aims, Hanover will:

- Vary rents annually at the start of the financial year, except where a property is relet to a new resident during the year or where a differing approach is required in accordance with the terms of the tenancy agreement (see **policy exceptions** below).
- Give at least 4 weeks' notice of the new rents residents will be paying from the start of the next financial year, and provide clear explanatory guidance to help residents understand the process.

Policy exceptions

For a minority of Hanover's properties, rents are not charged in accordance with the standard policy described above. These properties, and the reasons for the exception, are as follows:

Secure rents	Some longer-standing residents still hold secure tenancy agreements, where rents are determined biennially by the Rent Officer Service. However, the regulatory regime's permitted maxima apply equally to secure tenancies and we will therefore ensure that the target rent is not exceeded and that the maximum increase in any one year is RPI plus 0.5% plus £2 per week.
New build	Calculated rents for new estates will be based on a combination of Hanover's standard rent policy, financial viability and investment funding, and negotiations with the relevant local authority. For these reasons it may be the case that first let rents exceed destination rent. However, under such circumstances Hanover will ensure that the rents charged do not exceed regulatory rent caps, and that rents are converged to destination, in line with the formula RPI + 0.5% - £2 per week.
Hanover Heritage	<p>We will not utilise the discretionary additional 10% above target rent allowance for former Heritage properties because of their generally poorer condition.</p> <p>Some former Heritage residents benefit from a lifetime guarantee, put in place when their homes transferred from Help the Aged to Hanover Heritage in 2002. This states that their rent cannot be increased by more than the June retail price index measure of inflation plus 1% per annum.</p> <p>Where residents pay a reduced rent because of legacies or interest free loans, the reduced rent arrangements will continue to apply.</p>
Hackney	We will not utilise the discretionary additional 10% above target allowance for Hanover in Hackney properties, in accordance with the 2002 transfer agreement.
General needs	Hanover owns a small number of general needs properties. In accordance with the regulatory framework, target rents for these

properties are restricted to the calculated target rent plus 5% rather than 10%. We will utilise the discretion to set rents at 5% above target.

Extra Care	Some Extra Care estates fall outside the rent-restructuring regime because they received less than 10% public funding at construction. For these estates, rent levels were agreed with the local authority at first letting and these rents are varied by the September retail price index plus 0.5% annually.
Hard to let	From time to time some estates may suffer difficulties with the letting of vacant properties. Under these circumstances, it may be operationally appropriate to charge below destination rent as an incentive to incoming residents, if the property would otherwise remain vacant for a significant period. The reduced rent would apply to all similar properties at that location, not just re-lets. Any such decision would be recommended by the Group Management Team and decided on by Resources Committee.
Improvements	When major refurbishments or improvements are carried out to existing estates, we may ask an independent valuer to value the properties before and after the works. If the difference in value is significant, we will recalculate target rents and commence movement towards them as above. We will be able to provide residents with fairly accurate information about the impact on their rents during the consultation period before the works are carried out, though we may have the valuer check values again on completion of the works.
Estate Manager	Rents for Estate Managers' properties will move towards target rents at the same pace as other general needs properties (this will include use of the 5% flexibility on the target rent). The target rents will be set as for other properties, making allowance for any valuation factors, such as communal lounges, which are not relevant to Estate Managers.

3. RESPONSIBILITY

The designated officer responsible for implementation and monitoring of this policy will be the Finance & Resources Director. To ensure adherence to policy, the Finance & Resources Director will ensure that relevant staff have access to and are familiar with the following key related documents:

- Tenant Services Authority regulatory guidance on social housing rents
- Hanover in Hackney transfer agreement (2002)
- Hanover Friends transfer agreement (2002)

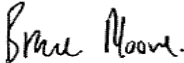
4. EQUALITY AND DIVERSITY

We are committed to respecting diversity in all aspects of our work and we will not tolerate any form of discrimination.

5. COMMITMENT AND REVIEW

The Group Board looks to the support & professionalism of staff at all levels in making this policy truly effective. Hanover will formally review this policy annually. Hanover will consult with residents if material changes to this policy are proposed. The Board will approve the annual rent increase based on information which demonstrates ongoing compliance with this policy.

Approved by the Board of Hanover Housing Association (the Group Board) on
20 January 2010.

Signed: 

Bruce Moore, Chief Executive & Board member

Rent Policy

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Policy Lead: Simon Hatchman, Head of Business & Financial Services

Version Control

Version No	Purpose/Change	Author	Date
435.1	original	Kevin Lorimer	November 2005
435.2	Reformatted		October 2009
435.3	Totally reviewed and approved by Board - now covers former Heritage properties, difficult to let properties	Simon Hatchman	January 2010