

New Era Rent Setting Policy 2016-2019

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New Era Rent Setting Policy 2016-2019

1. Scope

1.1 This policy covers rent setting arrangements for all residential properties on the New Era Estate, Whitmore Road, Hoxton owned by Dolphin Living and managed by its approved agents. The policy includes arrangements for setting Personalised Rents, Standard Rents and Fair Rents.

1.2 For the avoidance of doubt, the homes directly affected are all residential properties on the New Era Estate let on assured shorthold and regulated tenancies. This policy does not apply to the New Era Estate commercial units (shops) namely 10 to 40 Whitmore Road.

1.3 Dolphin Living is a housing charity. For the avoidance of doubt the New Era estate is not owned by Dolphin Living's Registered Provider (Housing Association) subsidiary and is not subject to the Homes & Communities Regulatory standards in relation to this policy or its activities relating to the New Era Estate.

1.4 Dolphin Living has appointed a Managing Agent, to manage its properties on its behalf. All Dolphin Living's policies are its own, and are implemented by the Managing Agent.

2. Policy statement

2.1 Dolphin Living acquired the New Era Estate from Westbrook Partners on 19th December 2014. The estate consists of 96 one, two and three bedroomed apartments as well as 12 commercial units, with the majority of the flats being let on assured shorthold tenancies. At the time Dolphin Living acquired the estate, tenants were paying rents that represented 45% to 50% of the market rent, as the previous landlords had not increased them to market rents. When Dolphin Living acquired the estate it gave an assurance to tenants that it would work to understand, in detail, the financial circumstances of the tenant group and write a rent setting policy that is demonstrably fair. This policy outlines our planned delivery of this commitment.

2.2 It is the policy of Dolphin Living to set rents on its regulated tenancies in accordance with the requirements of the Rent Act 1977.

2.3 It is the policy of Dolphin Living to set rents on its assured shorthold tenancies that are affordable to working Londoners earning a range of household incomes. Dolphin Living will achieve this policy aim on the New Era Estate through two approaches to rent setting which will apply from 1st April 2016. We will offer assured shorthold original tenants (meaning those who have held their tenancy continuously since 19th December 2014) the option of a Personalised Rent or a Standard Rent.

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3. Rent Setting Aims

In setting rents, Dolphin Living will ensure that it:

- Sets its rents according to the New Era rent setting policy.
- Delivers efficient use of funds to produce the maximum number of homes for working Londoners at a range of household incomes.
- Applies increases in accordance with the terms of our tenancy agreements
- Builds up reserves to cover future maintenance and improvements costs
- Maintains adequate financial reserves to ensure its long term financial wellbeing and stability

4. Personalised Rents

4.1 Original Tenants (excluding Regulated Tenants, tenants of under-occupied or over-crowded properties, tenants who own a property and households having incomes in excess of the mayoral household limits) can choose to opt for a Personalised Rent assessment.

4.2 Tenants who opt for a Personalised Rent assessment and who are set a Personalised Rent will be granted a fixed term tenancy for three years including rent increases limited to CPI+1% per year (see paragraph 4.6.3 for rent increase limit exception).

4.3 The calculation of a Personalised Rent is based on a household's net income (their income after tax) and the most recent Joseph Rowntree Minimum Income Standard (JRF MIS – see definitions, page 2) applicable to their particular household composition.

4.4 The first step in calculating a Personalised Rent is to assess & verify a household's composition & monthly income. For more information on how these Personalised Rent Assessments are conducted, see appendix 1.

4.5 The JRF MIS applicable to the household undergoing assessment is subtracted from their verified income. The amount of money left over (after the JRF MIS has been subtracted) is referred to as 'the residual monthly income.'

4.6 Residual monthly income is used to set the Personalised Rent in one of three ways:

4.6.1 Where the residual monthly income is equal to or less than the current rent; a rent increase of CPI+1% will be applied at the start of the tenancy

4.6.2 Where the residual monthly income is greater than the current monthly rent; the monthly rent will be increased at the start of the tenancy by the equivalent of 50% of the residual monthly income after current rent.

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4.6.3 Where increasing the rent as set out in paragraph 4.6.2 would result in an increase greater than CPI+4.5% in any one year, we will increase the rent by CPI+4.5% only. Thereafter the rent will be increased annually by CPI+4.5% until such time that the amount of rent payable reaches that calculated at the start of the tenancy, as set out in paragraph 4.6.2 increased by CPI+1% for each year of the tenancy that has passed; or until such time as the 3 year tenancy ends.

4.7 Personalised Rents and rent increases will be capped at the local housing allowance figure for Hackney for the duration of the three year fixed term. This ensures that, should a tenant's financial circumstances deteriorate during their fixed term, they will have access to housing benefit of a level that will cover any shortfall.

4.8 Dolphin Living will conduct a Personalised Rent Assessment and review tenancy conduct not less than six months, before the expiry of the fixed term tenancy, to decide whether to:

- Set a new Personalised Rent and grant a new 3 year fixed term tenancy to the same property;
- Set a new Personalised Rent and grant a new 3 year fixed term tenancy to another property; or
- Terminate the tenancy.

4.9 The decision will be based on the conduct of the tenancy, the result of the Personalised Rent assessment and it will be made with reference to the New Era local lettings plan.

4.10 All fixed term tenancies will be brought to an end in line with the terms of the tenancy agreement before a new tenancy is granted.

4.11 Following the Personalised Rent Assessment and review of tenancy conduct, we will not grant a new tenancy where:

- There has been a history of persistent tenancy breaches in relation to rent arrears, anti-social behaviour, and tenancy conduct
- There is evidence of sub-letting
- We identify that the tenant has an interest in another property
- The tenant is not living in the property as their principal home
- The tenant refuses or otherwise unreasonably fails to provide the evidence of their household composition and/or income required by the Personalised Rent assessment (see appendix 1 for details).

4.12 If Dolphin Living become aware of any tenant having obtained or attempting to obtain a Personalised Rent and/or tenancy through the use of fraudulent information or deception we will take appropriate action to bring their tenancy to an end and no subsequent tenancy will be offered.

5. Standard Rents

5.1 Original New Era tenants (excluding Regulated Tenants and tenants who have opted for a Personalised Rent) will be set a Standard Rent.

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5.2 Tenants who pay a Standard Rent will be granted a fixed term tenancy for one year.

5.3 The calculation of a Standard Rent is based on the rent charged for a particular property size (1 bedroom, 2 bedroom or 3 bedroom) in the preceding year, increased by CPI plus 4.5%.

5.4 The method for calculating a Standard Rent is illustrated using the following three examples:

Property size	Preceding year's rent*	+	CPI**	+	Rent increase %	=	Monthly Rent increase	Monthly Standard Rent
1 Bedroom, 2 person	£690.99*	+	1%**	+	4.5%	=	£38.00**	£729.00**
2 Bedroom, 3 person	£795.99*	+	1%**	+	4.5%	=	£43.77**	£839.76**
3 Bedroom, 4 person	£868.01*	+	1%**	+	4.5%	=	£47.75**	£915.76**

*2015 rents, **estimated figure

5.5 Dolphin Living will review tenancy conduct not less than two months before the expiry of the fixed term to decide whether to:

- Set a Standard Rent and grant a 1 year fixed term tenancy to the same property
- Set a Standard Rent and grant a 1 year fixed term tenancy to another property or
- Terminate the tenancy

5.6 The decision will be based on the conduct of the tenancy and with reference to the New Era local lettings plan.

5.7 All fixed term tenancies will be brought to an end in line with the terms of the tenancy agreement before a new tenancy is granted.

5.8 Following the review of tenancy conduct, we will not grant a new tenancy where:

- There has been a history of persistent tenancy breaches in relation to rent arrears, anti-social behaviour, and tenancy conduct
- There is evidence of sub-letting
- We identify that the tenant has an interest in another property
- The tenant is not living in the property as their principal home

5.9 Tenants who are set a Standard Rent can request a Personalised Rent assessment at any time during their 1 year fixed term period or at the end of their tenancy. To be assessed for a Personalised Rent, tenants will need to meet the eligibility criteria set out in section 4.1.

5.10 Those who are assessed as eligible for a personalised rent and wish to proceed during their one year fixed term may do so by serving a Notice to Quit. This action will bring their standard rent 1 year fixed term tenancy to an end prior to their fixed term end date. Dolphin Living will grant a new Personalised Rent 3 year Fixed Term tenancy.

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6. Rent setting for New Lets

6.1 New lets are defined as those tenancies granted on a New Era residential property to any tenant(s) who have not held a tenancy of a New Era residential property continuously since 19th December 2014.

6.2 The way in which Dolphin Living decides who is eligible and who is prioritised for New Lets is set out in our New Era Local Lettings Plan.

6.3 It is the New Era tenants association's expressed wish that the estate be protected against "gentrification" and unnecessary implementation of market rents. It is Dolphin Living's policy to set rents that are affordable to working Londoners on a range of household incomes, this policy principal will be applied to new lets on New Era in the following way.

6.4 Standard Rent and Fair Rent will not be applied to new lets. It is our expressed aim to set Personalised Rent on all new lets in accordance with section 4 of this policy (excluding paragraph 4.6.3 and with some changes to paragraph 4.2). In order to ensure financial viability we will take the additional measures set out below in paragraphs 6.5 & 6.6.

6.5 Before setting the personalised rent for a New Let, Dolphin Living will first take into account:

- The current total rent received from existing New Era tenants
- The costs of running the estate (such as cleaning, maintenance and health & safety inspection costs)
- The surplus required by Dolphin Living to continue delivering its objectives to help working Londoners stay in London. (*Dolphin Living is a not for profit charity and reinvests any surpluses it makes in delivering affordable homes for working Londoners and supporting those who face poverty more generally.*)

6.6 Dolphin Living will calculate the minimum rent required from each New Let in order to cover the costs of running the estate and generate the surplus required to continue delivering its objectives. We will let the vacant unit to a tenant with a level of income and a household composition that results in them being set a personalised rent (in accordance with section 4 of this policy) that meets the minimum rent required at the time of letting.

6.7 New lets will be set a Personalised Rent and will be granted a fixed term tenancy for one year with no guarantee of renewal.

7. Regulated tenancies (Fair rent)

7.1 Holders of regulated tenancies and will be set Fair Rents in accordance with the Rent Act 1977.

7.2 An application for registration of a Fair Rent will be made to the Independent Valuation Office Agency (VOA). At the time a registration is due, Dolphin Living will decide whether an application should be made based on the current registered Fair Rent and the equivalent Standard Rent. The amount applied for will be decided by the Managing Director and reviewed on an annual basis.

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7.3 If the VOA inform us the re-registered Fair Rent is greater than the current Standard Rent for the property (meaning we are legally able to charge our regulated tenants more than their neighbours who are paying our Standard Rent) we will only charge an amount equivalent to the Standard Rent for a similar property on the estate. If the re-registered rent is lower than the current Standard Rent, the re-registered rent will be charged.

7.4 Fair Rents are registered every two years and will be increased on the anniversary of the registration effective date after 28 days' notice has been served on the secure tenant. In the case of properties that have had improvements, an application for re-registration of rent will be made as soon as works are complete, even if this is earlier than the second anniversary of the registered rent.

8. Appeals

8.1 Regulated Tenants, where their tenancy agreement refers to Section 13 (1b) of the Housing Act 1988, have the right to appeal to the Residential Property Tribunal Service, who will determine the maximum rent to be paid. The tribunal service's decision is binding on both sides.

8.2 If a tenant who has requested a Personalised Rent does not agree with the rent they have been set they may appeal to the managing director. The tenant must give their reasons for the appeal in writing to the managing director within two weeks of notification of the outcome of the Personalised Rent assessment.

8.3 The managing director will consider the appeal within two weeks of receipt of the request and will provide a response to the tenant in writing within two weeks of the decision having been made. The decision of the managing director is final.

9. Financial Hardship

9.1 Dolphin Living acknowledge that cases of financial hardship, such as onerous debt repayment obligations, may affect a tenant's ability to afford their rent. We also acknowledge that cases of financial hardship are unique to the individual tenant concerned. Consequently our Personalised Rent assessment deliberately does not take debt repayment into consideration.

9.2 In order to support tenants experiencing financial hardship, Dolphin Living will engage debt and money advice services for tenants (free of charge) in order to provide tailored support to individual tenants. This may include access to affordable credit, access to savings and/or debt counselling.

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Definitions

Dolphin Living	The landlord, the freeholder of the New Era Estate and its parent organisation charity.
Household	Everyone living at the property including both adults and children.
CPI	The Consumer Price Index; a comprehensive measure of inflation by estimating price changes in typical goods and services. It is common place to use CPI as a basis for rent increases and is used by many providers of affordable housing.
Fair Rent	The type of rent charged on regulated tenancies as set out in the Rent Act 1977
JRF MIS	Joseph Rowntree Foundation's Minimum Income Standard (JRF MIS) is a national research project based on asking groups of members of the public to discuss and reach a consensus on the items and services households need to reach an acceptable standard of living, covering essential needs and also allowing household members to participate in society. The project has produced a minimum income level for each household composition in Britain since 2008 and is updated annually (taking into account the number of children, adults of a working age and pensioners in any one particular household). More information on JRF's minimum income standards is available from their website: http://www.jrf.org.uk/topic/mis
Local Housing Allowance	Local Housing Allowance (LHA) is the maximum amount of Housing Benefit that the council will pay to tenants who rent privately.
Managing Agent	Touchstone Ltd, contracted by Dolphin Living to deliver its housing and property management services. Our tenants' first point of contact for repairs, rent enquiries and general landlord services.
Mayoral Income Limits	The income limit below which households are eligible for intermediate housing. The limit is set annually by the Mayor of London in his London Plan Annual Monitoring Report. Households with an income higher than the Mayoral Income Limit are considered to be able to meet their needs on the open market and are offered no form of subsidised rent.
New Lets	Any tenancies granted on a New Era residential property to any tenant(s) who have not held a tenancy of a New Era residential property continuously since 19th December 2014
Original Tenants	Current New Era tenants who have held a tenancy of a New Era property continuously since 19th December 2014
Overcrowded Properties	Any property where the number of verified household members exceeds the number of bedspaces, see our Bedroom Standard for more information.
Personalised Rent	Rent set in accordance with section 4 of this policy.
Regulated Tenants	Tenants who hold regulated tenancies as defined by the Rent Act 1977

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- Residual Monthly Income** The remainder of a household's monthly income after their JRF MIS has been subtracted and the figure used to set a personalised rent.
- Standard Rent** Rent set in accordance with section 5 of this policy.
- Under Occupied Properties** Tenants who are not pensioners and who are under-occupying their homes by two bedrooms (or more) according to the Bedroom Standard.
- Verified Housing Income** A household's income as recorded in the outcome of a successful personalised rent assessment (see Personalised Rent Assessment 2015 Methodology, appendix 1, for more info).
- VOA** The Valuation Office Agency (VOA) gives the government the valuations and property advice needed to support taxation and benefits. They also provide information and decisions on setting fair rents.

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Appendix 1 Personalised Rent Assessment 2015 Method

In order to calculate a Personalised Rent Dolphin Living will conduct a Personalised Rent assessment. The aim of the assessment is to validate the tenant's household composition (the identity and residency of the tenant and those who live with them) and the household's income.

Original New Era tenants (see definitions, page 8) will be invited to meet with a member of staff to discuss their individual circumstances and the rent options available to them. This meeting will also present an opportunity for tenants to access free debt and money advice.

Those residents Dolphin Living believes to be eligible for a Personalised Rent will be asked to bring the documentation required to conduct the Personalised Rent assessment with them (as set out below). It is the tenant's responsibility to provide evidence of their household's income to Dolphin Living's satisfaction. Tenants are encouraged to bring any documentation (additional to that requested below) they feel best demonstrates their household income, where they feel this is necessary. In all cases, Dolphin Living's decision regarding the validation of a household's income will be final:

1. Household Composition Validation

Proof of identity and residency at your New Era address is required for each household member. For adults, at least one of the following forms of proof of identity and proof of residency is required (a single document will not be accepted as proof of both identify and residency and at least two documents from the list below, one from each each list, must be provided):

Adults	
Identity	Residency
<ul style="list-style-type: none"> • Current signed passport • Current UK or EEA photo-card driving licence • Freedom pass • Residency permit or Home Office alien registration card 	<ul style="list-style-type: none"> • Current UK photocard driving licence (full or provisional) • Current paper UK driving licence (full) • Notification letter from Benefits agency / other Government agency confirming the right to benefits or pension (issued within the last 6 months) • HMRC Tax Notification letter / Assessment letter or Statement of Account • Local Authority Tax Bill (issued within 6 months or valid for current year) • Statement or letter from Bank / Building Society / Credit Card / Mortgage / Life Insurance (issued within the last 6 months). • Utility Bill (not a mobile phone bill - issued within the last 6 months) • TV licence (valid for the current year) • Vehicle tax renewal document

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For each child household member, one of the following forms of proof of parent or guardian/child relationship is required:

- Birth certificate/hospital record showing the child's parent(s)
- Court-approved adoption papers (with signature or seal)
- Court-approved letters of guardianship (with signature or seal)
- Adoption Placement Agreement and Petition for Adoption
- Court child support order that shows the child's parent(s)

2. Household Income Validation

For each adult household member one of the following proofs of income is required:

Employed

- five wage slips in a row if paid weekly or
- three wage slips in a row if paid every two weeks or
- two wage slips in a row if paid monthly

Self Employed

- audited accounts for the last financial year or
- a trading summary if you have only recently started trading

In receipt of benefits

- an original notification letter