



Affordable Rent Policy

Date Authorised: 7 December 2018

Review Date: 2021

1. Introduction

- 1.1 This policy will apply to all new General Needs rented homes developed by Rosebery and will be applicable to homes developed both with grant and with no grant.
- 1.2 An Affordable Rent policy will need to be in place for Rosebery to be eligible to bid for grant under the 2015-2018* Affordable Homes Programme.

2. Policy

2.1 Affordable Rents:

- 2.1.1 Affordable Rents will be charged on all new General Needs tenancies for homes developed by Rosebery and will be applicable to homes developed both with grant and with no grant. Affordable rent is inclusive of service charges.
- 2.1.2 Affordable Rents will be set at **up to 80% of gross Market Rent** (rent plus service charge).
- 2.1.3 For the purpose of determining 'affordable rent' levels as outlined within this policy, Local Housing Allowance (LHA) will be used as a reasonable measure of affordability.
- 2.1.4 In situations such as S106 schemes we would only be able to compete as a development partner on the basis that we would charge 80% of Market Rent or sell or lease those properties to a different market. Any tenure diversification would be taken to Board for decision.
- 2.1.5 Affordable rents will be reviewed on an annual basis and are subject to a maximum increase of CPI + 1.0%. CPI will be taken as at September of the previous year.
- 2.1.6 The rent will be rebased (up to 80% of current Market Rent) on each occasion that a new Affordable Rent tenancy is created. In the event of a declining local market where Market Rents fall, Affordable rents will be rebased and could be lower than those previously charged.

2.2 Tenancy Agreement:

- 2.2.1 Rosebery will issue an Assured Short-hold Tenancy (Starter) on all new Affordable Rent tenancies in line with the existing 'Tenancy Policy'.

2.2.2 There is no proposal currently to review the 'Tenancy Policy' to allow for fixed term tenancies. This will be kept under review and any decision taken to Board in the event that fixed tenancy terms are attached to the Affordable Homes grant programme.

2.2.3 Before the Affordable Rent tenancy is issued, residents will be signed up to successfully complete a one year 'Starter Tenancy' in accordance with the existing 'Tenancy Policy'. The 'Starter Tenancy' would be set at the Affordable Rent level from the outset.

2.3 Transfers:

2.3.1 Existing Rosebery tenants who need to move from their current home because it is no longer suitable for their needs can apply for a transfer to alternative accommodation in accordance with the Allocation Policy.

2.3.2 Once a property has been converted to Affordable rent, all new tenancies, including transfers of existing tenancies, will be offered at an affordable rent.

2.3.3 Transfer applicants will be given the opportunity to decide if they want to include properties which have been converted to Affordable Rent in their preferences for transfer.

2.4 Mutual Exchanges:

2.4.1 Tenants of affordable rent properties have the same right to exchange as other tenants. The exchange would happen by way of via Deed of Assignment; where each tenant steps into the others shoes and takes on the others tenancy type and terms, including liability for affordable rent.

3.0 Void Conversion to Affordable Rent

3.1 The Affordable Homes programme requires associations to commit to converting a proportion of existing properties to Affordable Rents when they become void.

3.2 Rosebery will target the majority of conversions from General Needs housing re-lets to Affordable Rents on one and two bedroom properties. Three bedroom properties or larger would only be considered for conversion where the Affordable Rent level would still be affordable to a family in receipt of Universal Credit.

3.3 All extra net income generated from conversion is used to generate additional capacity to fund the development of more homes.

4.0 Income Management

4.1 The Income Management Policy will apply in full to tenants of affordable rent properties.

4.2 Rosebery recognizes the impact that higher rent levels imposed by Affordable Rents is likely to have on households, particularly those impacted by Welfare Reforms. Appropriate support will therefore be provided to enable tenancies to be sustained. This will include affordability and risk checks for all new tenants prior to the commencement of a tenancy.

5.0 Allocation / Selection of Tenants for Affordable Rent Properties

- 5.1** Where Choice Based Lettings (CBL) operates, applicants will be able to identify which properties are advertised at Affordable Rent values and make their choice as to whether or not to bid.
- 5.2** Where nominations are requested an affordability test will be carried out by the nominating Local Authority prior to nomination in order to make the applicant aware of the impact of the proposed rent on that household's budget.
- 5.3** In either of the above cases any applicant will be asked to check their income details against an Affordability Calculator which demonstrates the effect if household members are in or out of work.

6.0 Relevant Policies:

- 6.1** Tenure Policy (December 2017)
- 6.2** Income Management Policy (May 2016)
- 6.3** Allocation Policy (July 2018)
- 6.4** Development, Asset Management and Sustainability Strategy

* The 2015-2018 Affordable Homes Programme still applies to access Government grant.