RENT POLICY

EG/Board Approval:	February 2025	**Responsible Board:**	Ocean Housing Ltd
Next Review:	February 2026	**Responsible Executive:**	Deputy Chief Executive

1.0 Introduction

1.1 This Policy is prepared to meet the required outcomes and specific expectations of the Rent Standards 2020 and 2023 and associated directions and guidance, and the Government's Policy Statement on Rents for Social Housing of 2022 which replaced the earlier 2019 Policy Statement) and finally, the Limit on Annual Rent Increases 2025/26, published in December 2024, Also, other relevant legislation, such as the Housing Act 1988, the Landlord and Tenant Act 1985 and the Housing and Regeneration Act 2008.In addition all charges will be applied in accordance with tenancy and lease agreements.

2.0 Rent Calculation for Residential Properties

2.1 All Ocean Housing social rented dwellings, i.e. Ocean Housing's residential dwellings other than those that are under shared ownership leases or let on affordable/ intermediate rent terms, shall have calculated a formula rent at the tenancy outset. This will be in accordance with a formula set out in regulatory guidance and use the maximum tolerance available, 5% for general needs and 10% for housing for older persons. These will be known as social rented dwellings. At all times the formula rent shall not exceed the stated Rent Cap applicable. In applying maximum tolerances permissible, upon each annual rent increase setting approval, the rationale for such shall be transparently reported to Ocean Housing Board.

2.2 Affordable rents are calculated on the basis of being up to 80% of the market rental value including service charges. Such rent being based upon independent RICS based valuation advice and comprehensively address local market and specific property rental conditions. Ocean will use the maximum permissible percentage to set affordable rents, ie at 80% of the local market rent, subject to being restricted to the Local Housing Allowance if applicable. Affordable rents will be gross rents, i.e. inclusive of service charges. Affordable rented properties must be dwellings built through Homes England funding or conversions of existing property to this tenure specifically to help fund such new homes.

2.3 Intermediate rents will be calculated on the same basis as affordable rents, i.e. at 80% of the market, and will be managed on the same basis as affordable rented homes in regard to rent levels and rent reviews, albeit the tenure is not covered by the Regulatory Standard.

3.0 Annual Rent Review for Residential Properties

3.1 Annual rent increases are to be applied in accordance with Rent Standard requirements. The Rent Standard permits an annual rent increase of up to Consumer

Price Index (CPI) plus 1%. In respect of social rented properties, such increase is also applied to the underlying formula rent calculation.

3.2 Ocean Housing shall increase its rented dwellings rents annually by the maximum permitted in the Rent Standard, CPI plus 1% based on the CPI of September of the previous year. This increase may be subject to a further adjustment in line with the regulatory requirement to converge to formula rent plus tolerance, where applicable, for all social rents. As the Policy is proposing the maximum increase permissible the justification of such shall be transparently reported to Ocean Housing Board as part of decision-making process.

4.0 Rent Convergence - Existing Social Housing Tenancies

4.1 In the Rent Standard, there is an expectation that actual social rents and formula rents are aligned, through a convergence plan over a period of time if necessary, however it is recognised that convergence may take some housing associations longer than others. Convergence of existing tenants' rents upwards is prohibited per the Standard, only downward convergence from actual to formula rents is permitted.

4.2 Ocean Housing still has a number of tenancies requiring downward convergence. Downward convergence of rents for existing social tenants shall be pursued in accordance with the indicated preferred route within the Rent Standard. Where current tenants actual rent historically exceeds the property's formula rent plus tolerance, annual rent increases of CPI only are to be applied until full convergence is achieved to formula rent, which will be increasing at CPI plus 1%.

5.0 Letting of Residential Properties

5.1 All lettings of social rented dwellings are to be at that dwelling's formula rent, plus tolerance. Service charges will be levied in addition, if applicable.

5.2 For lettings subject to an affordable or intermediate rent tenancy, the rent of the new letting shall be at 80% of the market rent for that dwelling, including service charge, but capped at the maximum of the local housing allowance if applicable.

6.0 Service Charges for Residential Properties

6.1 Service charge increases will be applied in accordance with the Service Charge Policy.

6.2 For all new lettings, the full service charges for that dwelling shall be levied at the start of the tenancy in accordance with the Service Charge Policy.

6.3 For social rented tenancies, the service charge (if any) shall be in addition to the rent, and where the property is let as an affordable or intermediate rent, the service cost element is included in the 80% rent charged to tenants.

7.0 Garage Rents

7.1 Garage rent levels shall be set to maximise what the market can sustain in each location. If the garage tenant does not rent a house from Ocean, they shall have VAT applied at the prevailing rate. Any Ocean house tenant with more than one garage shall only receive VAT exemption on one unit. Rents will be reviewed on an annual basis and any increase levied in accordance with the terms of the garage rent licence.

8.0 Shared Ownership

8.1 Shared Ownership dwellings allow leaseholders to purchase an initial share in a property and over time ‘staircase’ up to full ownership, unless precluded through planning restrictions.

8.2 For homes built prior to the Homes England 2021 affordable homes programme the minimum first tranche sale was 25% of the property value. For homes funded through the 2021 programme onwards, the minimum will be 10%. However, the Ocean Housing desired first tranche percentage will be at least 40% and marketing shall be based on this figure. There will be no timescale on further tranches being purchased.

8.3 The rent on the Ocean shared ownership dwellings shall reflect the percentage of the property owned. The rent payable at the commencement of the lease shall be set to ensure that the mortgage and rent combined is ‘affordable’ as defined by the National Housing Federation.

8.4 The date and calculation of annual increases will be dependent on that prescribed in the lease of each shared owner.

9.0 Payment Terms

9.1 Rents and service charges due in respect of rented dwellings are payable in advance of each period in accordance with the tenancy agreement.

9.2 There shall be 48 collection weeks in one year, except in a year with 53 Mondays, when 49 is permissible, dependent upon tenancy agreement, excepting 4 tenancies which were acquired some years ago and remain on their original tenancy terms including rent being charged over 52 weeks.

9.3 Garage and car space tenants are charged their licence fee monthly in advance. Payment to be by direct debit.

9.4 Shared owners shall pay their rent monthly, by direct debit, in advance.

9.5 New tenants will be required to pay at least the first periods rent in advance prior to commencing the tenancy, exceptions are permitted upon authorisation of the Head of Customer Experience & Neighbourhood Services with the reason documented. In a similar manner, the Head of Customer Experience & Neighbourhood Services has authority to waive the terms of 9.3 and 9.4 if considered in Ocean’s best interest; the decision must be documented.

10.0 Payment Methods

10.1 A wide range of payment methods are available for the payment of rent and other charges:

a) Payments at any Post Office or PayPoint outlet
b) Standing Order
c) Direct Debit
d) Payment via the internet
e) Payment via Ocean or Allpay App
f) Payment by credit or debit card over the telephone to an Ocean employee or PayPoint.
g) By following a link embedded in a text or email taking the recipient to Allpay
h) By recurring debit card payment

10.2 Ocean will pay all rent transaction charges.

10.3 In line with the Money Laundering Regulations (2017), the Group's Money Laundering Policy and Financial Regulations, receipt of cash by Ocean employees is not permitted. Where a tenant needs to pay by cash they can do so at a bank, post office or Paypoint outlet, each of which will issue a receipt they can use to evidence the payment if required.

11.0 Responsibilities

11.1 The Deputy Chief Executive shall be responsible for ensuring that the Rent Policy is in compliance with the Rent Standard and relevant legislation. They shall ensure an annual review of Policy and undertake all reasonable measures to ensure that regulatory compliance is adhered to within the rents control framework.

11.2 The Managing Director of Ocean Housing shall be responsible for ensuring the requirements of the Rent Policy are followed at all times in the setting and collecting of all rent and service charges.

12.0 Equality, Diversity & Inclusion Statement

12.1 Ocean will apply this Rent Policy consistently and fairly and will not discriminate against any person on grounds of their race, colour, ethnic or national origins, religion, sexual orientation, disability, sex, age, gender reassignment or any other matter that may cause a person to be treated with injustice.