

## How is my rent calculated?

All local authorities and Registered Social Landlords are expected to work out their rents in the same way. Herefordshire Housing works out a 'target' rent for each individual property using a formula set by the Government.

The 'target' rent formula is made of three elements:

- § 30% on how much your home was worth in January 1999, compared with the national average value of a social housing property.
- § 70% on the average local wage compared with the national average wage, and
- § A property size 'weighting' based on the number of bedrooms in your home.

Each year the target rent is increased in line with Government's guideline, which is currently inflation plus 0.5%. Government expects actual rents to move towards the calculated target rents over a 10-year period, with the intention that all tenants will be paying the target rent for their home by 2011-12. To avoid large changes in individual rents, the current maximum increase allowed is inflation plus 0.5% +£2 per week (on a 52-week basis).

The Government allows all Registered Social Landlords the flexibility to set actual rents within +/- 5% of the target rent for general needs properties and within +/-10% for supported housing.

## How are my other charges calculated?

There are a number of other charges that may or may not apply to you. These include:

- § Service charges for heating, water, council tax and cleaning. You will be asked to pay a service charge, if applicable, based on our estimate of the amount we are likely to spend on providing the services to you over the coming year.
- § Insurance charges, for tenants who have opted to join the 'Pay as You Go' Home Contents Insurance scheme, are fixed, depending on the level of cover required, and are calculated by the insurance company. For further information or to request a copy of the 'Pay as you go' Home Contents Insurance Bulletin please telephone (01432) 346091.
- § Alarm charges are subject to existing Supporting People arrangements with the Council (see supporting people section). These arrangements are currently under review.

## Can my rent and other charges increase?

When you accept a property from Herefordshire Housing Limited you sign a Tenancy Agreement. This is a legal contract between you and Herefordshire Housing and it includes a responsibility for you to pay the rent, and other charges where applicable. You are told how much the rent and charges are when your tenancy starts.

The costs of providing services and repairing and maintaining the housing stock are continually increasing. The rent and charges you pay need to rise to

meet these increasing costs and to meet Government's guidance for target rents.

- § You will always be told at least one month in advance of any increase.
- § We will not increase your rent more than once a year.
- § We will not increase your service charges more than once a year unless there is a change in the services provided or it is necessary to meet the actual cost of providing the services.
- § Each year we will work out the actual cost of the service. If you have paid more than the actual cost, we will reduce your service charge for the following year. If you have paid less than the actual cost, we will increase your service charge for the following year.
- § As an estimate for 2009-10, existing service charges have increased by 5.5% (Inflation plus 0.5%). We will contact you separately regarding any changes to your service charges after the end of the financial year.
- § The Home Contents Insurance Scheme is currently provided in conjunction with Allianz Cornhill. The weekly charge to you is calculated by them, based on the total value of goods you insure with them. Allianz Cornhill will advise us and you of any changes to premiums and we will amend your weekly charge accordingly.
- § Alarm charges are subject to existing Supporting People arrangements with the Council (see section on supporting people). These arrangements are currently under review.

### **How will I be told about any increase?**

Each year we will write to you telling you what your new rent and other charges will be. Generally, you will receive a standard letter, summarising your new rent and charges, together with a formal notice and guidance notes (which will be in a format required by law).

- § If you were previously a Herefordshire Council tenant and you have signed the Herefordshire Housing Assured Tenancy Agreement for Transferring Tenants, the rent increase notification is served in accordance with clause 6.1.(ii) of that agreement which allows us to change your rent. Some parts of the Notice may not apply to you.
- § If you have not signed the Herefordshire Housing Assured Tenancy Agreement for Transferring Tenants nor any other tenancy agreement with Herefordshire Housing and you were previously a Herefordshire Council tenant then the rent increase notification and the Notice is served in accordance with Section 13(2) of the Housing Act 1988 and therefore the notice does apply to you.
- § If you became a Herefordshire Housing tenant on or after 26<sup>th</sup> November 2002, the rent increase notification is served in accordance with clause 7.1.(ii) of your tenancy agreement which allows us to change your rent. Some parts of the notice may not apply to you.

### **General points for anyone receiving a rent increase notification**

If you are:-

- § subject to a suspended possession order and have broken that order;
- § subject to an outright possession order; or
- § if your tenancy has been terminated by a Notice to Quit; or

§ if you are living in one of our properties without any formal agreement; the payments you make to use your home are not rent but payments for use and occupation of your home. Any reference in the rent increase notification letter or the notice to “rent” should be read as “payments for use and occupation of your home”. There is no intention to change the legal arrangement between us and, in particular, there is no intention to create a new tenancy. The provisions of the attached Notice do not apply to you.

### **How much will my rent increase be?**

If your tenancy transferred to Herefordshire Housing in November 2002, your first five rent increases were set in line with promises made as part of the transfer. For many people, those increases were below the amount needed to get to the ‘target’ by 2012. How much your rent increases by is partly due to how far your rent is below the target, and partly due to inflation. Herefordshire Housing also needs to make sure that there is enough rental income to deliver and improve services.

The maximum rent increase allowed (RPI + 0.5% + £2 per week on a 52-week basis) will be applied for all Herefordshire Housing tenants. Once actual rents meet target rents (taking account of the 5% and 10% flexibility) annual rent increases will be limited to the current Government guideline of RPI + 0.5%.

### **What should I do if I receive an increase notification?**

Your increase notification is an important document and you should read its contents very carefully. If you have any queries or concerns about your increase notification you should contact the Income Services team immediately on **(01432) 384040** or seek independent advice.

- § You should make arrangements to pay the new rent, and other charges where applicable, from the date your new rent becomes due.
- § If you pay by direct debit you need take no action. You will receive a letter informing you of the new amount to be collected.
- § If you pay by standing order, you must notify your bank of the new charges. We will contact you separately with a mandate for you to complete and return to your bank.
- § If you are currently in receipt of Housing Benefit, the local authority will advise you of your new entitlement. If you do not receive anything, or if you currently have your housing benefit paid direct to yourself, you should contact the Council’s Housing Benefit team on **(01432) 260333** or email them [benefits@herefordshire.gov.uk](mailto:benefits@herefordshire.gov.uk) and tell them what your new rent and charges, where applicable, are. Please keep any increase notification documents that we have sent to you in a safe place as they may be required for a new or updated Housing Benefit claim.

Housing benefit will only pay your rent and, where applicable, your cleaning charge. If you receive an alarm service and are currently in receipt of housing benefit, the charges for these services will be paid from supporting people funding by the council, direct to us as your landlord. You should make arrangements to pay any other charges (e.g. heating, water, insurance etc) as these will not be covered by housing benefit or supporting people funding.

## **What is Supporting People?**

Supporting people funding was introduced to cover the support related charges. If you receive an alarm service and are currently in receipt of housing benefit, the charges for this service will be paid from Supporting People funding by the Council, direct to us as your landlord.

The historic 'Warden' service has now been replaced with a floating support service which is based on qualifying need. This service charge is no longer charged through your rent account as it is funded separately through Supporting People regardless of housing benefit entitlement. If you require further information on this service please see the leaflet housing support services – supporting people to reach their full potential or alternatively contact Kim Davies on (01432) 361083.

## **Why is my rent different to that of my neighbour when we live in identical properties?**

There are a number of reasons why this could happen. For example, the value of the properties could differ (e.g. an end-terrace may have a slightly higher value than a mid-terrace) or the date on which your tenancy started may differ (e.g. pre- or post-November 2002). If you would like to discuss this further please contact the Income Services team on **(01432) 384040**.

## **More questions?**

If you would like to talk to someone about how your rent is calculated, your increase notification letter, or any other issues relating to your rent account, please contact the Income Services team on **(01432) 384040**.