	Rent Setting Policy
Policy statement	This policy sets out Paradigm Housing Group's methodology to the setting and reviewing of residential property rent. The Policy supports our business plan objectives to continue to develop new affordable homes, and to provide a fair deal for existing customers.
Objective	The policy ensures that our rent setting and rent review arrangements: • Comply with the requirements for social rented properties through the Rent Standard of the Regulator for Social Housing • Comply with legal, regulatory and other requirements or formulae set by Homes England (or predecessor bodies) as a condition of grant funding; • Maintains our financial viability and ability to invest in new and existing homes; and • Takes account of the cost of living and the affordability of living in our homes for our customers.
Scope	This policy applies to all our properties where we charge a rent.
Policy	The following rent types are regulated within the Regulator of Social Housing's Rent Standard. These rents will be reviewed annually and increased by up to CPI +1% in line with the Policy Statement and Rent Standard. Any changes are applied from the first Monday in April. The rates applicable for 2025/26 are listed in Appendix 1. **Formula (Social) Rent** Formula rents (previously known as social or target rents) are set according to a formula set out in the government's Policy Statement on Rents for Social Housing. At first let and each subsequent relet, the rent will be set to the formula rent, increased in accordance with the allowed tolerance as follows: • 10% for supported housing: and • 5% for all other housing types. For each new scheme proposed, the appraisal process will also consider the extent to which the use of the tolerance on those properties is required to make the scheme viable. **Affordable Rent** Affordable rents apply on those properties specifically identified as being within that rent regime for the purposes of providing funds for investment in new

	housing stock, either from development or converted from existing stock under agreement with Homes England. Affordable rents are set at a level up to a maximum of 80% of the local market rent for that type of property at the time of letting. This is inclusive of service charges for all communal services provided. We will use the RICS recognised on-line desktop portal which is managed by an independent professionally qualified valuer to establish market rent. Any additional charges relating to the property will be identified in the tenancy agreement. We will abide by any restrictions on affordable rents agreed with the local authority in relation to specific properties. In addition, at first let and each subsequent re-let we have chosen to cap Affordable Rent at the lower of: • 30th centile of rents in the Broad Market Rental Area (BRMA) or rent charged to the previous tenant, whichever higher; and • Paradigm Affordable Rent cap - applicable rates for 2025/26 are per Appendix 1. Where an affordable rent would be less than the formula rent plus associated service charges, we will use the formula rent and service charge. **Fair Rent (Registered Rent)** Fair rents apply to secure tenants. The rent is set by the Valuation Office Agency (VOA) every 2 years. The maximum allowable weekly rent is the lower of the fair rent set by the Rent Officer and formula rent as set out above. As registered providers, we may not increase the rent of a tenant with fair rent protection by more than the Rent Standard in any year (even if the tenant's rent is below the formula rent level and the maximum fair rent set by the Valuation Office is higher). The following rent types are **NOT** regulated within the Rent Standard. **Shared Ownership Rent** Shared ownership rents are set within the lease agreement. For all shared ownership homes, the net rent increases each year by an amount or according to a calculation linked to a specified index of inflation as set out in the lease and is applied from the first day in April. New shared ownership rents will be set at a default of 2.75% of the unsold equity. Scheme specific agreements to reflect market conditions may be recommended by the Executive Director of Development and approved as part of the scheme approval. **Intermediate Rent** Intermediate rents, as defined in Chapter 5 of the government's Policy Statement on rents for social housing, are set at 80% of market rent. Intermediate rents will be reviewed annually at the same rate used for formula rent, and any changes applied from the first Monday in April.

	Market Rent Market rents are set by reference to the local market. At relet or first let, the market rent will be established using a local estate agent valuation or the RICS recognised on-line desktop portal which is managed by an independent professionally qualified valuer. Any additional charges relating to the property will be identified in the tenancy agreement. They are reviewed annually in April at the rate set out in Appendix 1, and any changes applied from the first Monday in April. **Commercial Rent** Rents on commercial properties will be set by negotiation between PHG and the lessor. Reviews will be defined by the lease and with reference to the market. **Rent setting and review for specific schemes** Paradigm owns and manages a number of schemes where the properties or tenancies have specific agreements detailing how we set and review the rent. In these cases, we will abide by the specific agreements. Examples of such arrangements may include, but are not limited to: • Temporary Housing • Short-Life Hostel • Local Authority Agreements • Ex-NHS Trust Properties Almshouses are covered by a separate and specific policy.
Equality, Diversity and Inclusion	We will continue to assess affordability of rents. We will review our caps to balance our commitment “to provide homes to people that need them and can’t afford them in the open market” with our financial viability and capacity to build and invest.
Performance monitoring, reporting and assurance	1. Rental income is carefully monitored as part of our budget monitoring processes; 2. The Assistant Director Finance Operations is responsible for the design and implementation of appropriate checks when rents are annually reviewed prior to notices being issued and systems updated; 3. Where there is judgement over rent setting at relet (eg Affordable, intermediate and market rents), the Head of Rents and Service Charges will review the calculation.
Roles and Responsibility	**The Amalgamated Board** is responsible for: • approving the rent setting policy considering legal and regulatory requirements and as part of the balance of maintaining a fair deal for tenants whilst maximising rental income for the Group. • approving the rent review rate. **The Chief Financial Officer** is responsible for: • reviewing this policy and confirming all rent changes are in accordance with the policy and presented to Board annually for approval.

	Assistant Director Finance Operations is responsible for: • the design and implementation of appropriate checks when rents are annually reviewed prior to notices being issued and systems updated. **Head of Rent and Service Charge** is responsible for: • operational implementation of this policy, including staff training to ensure compliance and effectiveness. **The Rent and Service Charge Team** is responsible for: • ensuring rents are communicated to our customers and stakeholders in accordance with legal requirements and timescales. • providing information to the housing officers (at the time of letting) including who to contact in case of queries, when rent changes can be applied and what to do if tenants experience difficulties paying their rent. **Customer – Lettings and allocation team** are responsible for: • letting properties at the correct rent in accordance with tenure type.
Cross References	• Tenure Policy • Letting Policy • Service Charge Policy • Rent Recovery Policy • Ground Rent Policy
Policy Owner	Chief Financial Officer
Prepared by	Assistant Director Finance Operations
Approved by	Amalgamated Board
Effective date	1st April 2025
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See amendment section below

Date	Version	Approved By	Details of Amendments
February 2024	V6	Amalgamated Board	Updated to reflect new guidance, and appendix sets out rent review arrangements for 2024/25
February 2025	V7	Amalgamated Board	Updated rates in appendix for 2025/26 and updated roles and responsibilities

Appendix 1 – Rent increase rates 2025/26

Tenure	Basis of increase	Rate of Increase
Formula rent	September CPI +1%	2.7%
Affordable rent	September CPI +1%	2.7%
Affordable rent cap		£301.66
Fair rents	September CPI +1% Capped at registered rent set by the Valuation Office	2.7%
Shared ownership	Per lease agreement: September RPI +0.5% September RPI December RPI +0.5% September CPI +1%	 3.2% 2.7% 4.0% 2.7%
Intermediate rents	September CPI +1%	2.7%
Market rent		3.0%
Commercial rents	In line with lease agreements	
• Temporary Housing • Short-term Hostel • Local Authority Agreements • Ex-NHS Trust Properties	In line with lease agreements or 3%	