

Rent Setting Policy

1. Purpose

- 1.1 This policy sets out Connexus' approach to rent setting in full compliance with legislation, Government policy, and the Regulator of Social Housing Rent Standard.
- 1.2 The aims of this policy are to ensure rents are affordable and fair; comply with statutory and regulatory requirements; support Connexus' financial viability; ensure transparency for tenants; and ensure compliance with any Government requirements relating to rent convergence.

2. Scope

- 2.1 Scope: The policy applies to the whole of the Group. This means Connexus Homes Limited, (ultimate parent) and all of its subsidiaries.
- 2.2 The policy covers social and affordable rents, intermediate rents, shared ownership rents, garage rents, market rents and rents for specialised supported accommodation and temporary social housing.
- 2.3 This policy applies to all rent-setting activities, including the annual rent review which will be reviewed and approved by the Board.

3. Social Rents

- 3.1 Social Rents are set using Government formula rent methodology and will comply with the RSH Rent Standard. Connexus will apply rent flexibility as approved by the Board following customer consultation. Social Rents exclude service charges.
- 3.2 Connexus provides supported housing to customers who require varying levels of housing-related support. Most supported housing provided by Connexus falls within the definition of social housing and therefore follows the rules for Social Rent with those that fall outside detailed at section 7 within this policy.

4. Affordable Rents

- 4.1 Affordable Rents are set at no more than 80% of gross market rent (inclusive of service charges), based on a valid RICS valuation. Relets are re-benchmarked using a current market valuation. Connexus does not apply Affordable Rent to heavily adapted properties or where a high support cost is identified.

- 4.2 Connexus will operate Affordable Rent homes in accordance with Government policy, the Regulator of Social Housing's Rent Standard, and all relevant Homes England grant conditions. Affordable Rent levels will be set and reviewed in line with programme requirements, including the requirement for rents (inclusive of service charges) to be no more than 80% of local market rents. Affordable Rent homes developed with grant funding cannot be converted to Social Rent, as they must remain compliant with the funding conditions under which they were delivered.

5. Intermediate Rent

- 5.1 Connexus operates Intermediate Rent (where permitted) and ensures rents remain below market levels based on a RICS valuation. Intermediate rents will be charged in order to meet the requirements of any grant funding e.g. Rent to Buy.

6. Shared Ownership

- 6.1 Rent is set according to the individual lease and the Homes England Capital Funding Guide.

7. Specialised Supported Housing and Temporary Social Housing

- 7.1 The policy statement set by the Regulator of Social Housing on rents for social housing, does not apply to certain categories of low-cost rental accommodation, including Specialised Supported Housing and Temporary Social Housing.

7.2 Specialised Supported Housing

Defined as Supported Housing:

- (a) which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support in order to enable them to live, or to adjust to living, independently within the community;
- (b) which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home;
- (c) which is provided by a private registered provider under an agreement or arrangement with a local authority or a health service (within the meaning of the National Health Service Act 2006);
- (d) for which the rent charged, or to be charged, complies with the agreement or arrangement mentioned in paragraph (c); and
- (e) in respect of which at least one of the following conditions is satisfied:
 - i. there was no, or negligible, public assistance, or
 - ii. there was public assistance by means of a loan (secured by means of a charge or a mortgage against a property).

7.3 Temporary Social Housing

Defined as low-cost rental accommodation made available to a person who is homeless (within the meaning of the Housing Act 1996) either:

- (a) by a private registered provider under a specified tenancy where:
 - i. a local authority has nominated that person as a tenant of the accommodation on a temporary basis,
 - ii. that local authority owes a duty under Part 7 of the Housing Act 1996 to that person, and
 - iii. the registered provider:
 - holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years, or
 - holds the social housing on a lease with a term of 30 years or greater, or holds the freehold title to the social housing, and acquired the social housing without public assistance; or
- (b) by a local authority under a licence where:
 - i. that local authority owes a duty under Part 7 of the Housing act 1996 to that person,
 - ii. the accommodation provided is accommodation to which the account held pursuant to section 74(1) of the Local Government and Housing Act 1989 (duty to keep Housing Revenue Account) does not relate, and
 - iii. the local authority holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years.

In paragraph (a) “specified tenancy” means:

- i. a licence;
- ii. an assured shorthold tenancy;
- iii. an assured tenancy where the grant of the tenancy was in pursuance of a local housing authority’s duty under section 193 of the Housing Act 1996.

- 7.4 Before properties are designated as SSH and temporary social housing, checks will have been made to ensure that they meet the criteria and approved by the Executive Leadership Team (ELT). These rents will be set at levels below market value, informed by an independent RICS valuation, and calibrated to reflect the full costs associated with providing the accommodation. Rent levels will be considered alongside the corresponding service charges to ensure overall affordability. All charges will be subject to prior approval by the relevant commissioning body.

8. Garage Rents

- 8.2 Garage rents are not covered by regulation or legislation. Garage rents will be reviewed annually, and charges will be determined at the Connexus’s discretion. In setting these charges, Connexus may reference rents charged by other landlords or providers where appropriate. Rents for new build garages or those that have had major refurbishment work will be let on a rent which aims to recover all the costs associated with providing and maintaining them. Connexus will apply VAT to the rent of non-tenants and those that do not fall within the HMRC exemption and may also apply a different level of increase to the garage rents of non-tenants.

9. Market Rent

- 9.1 Connexus will use our contracted management agents to ensure that Market Rent levels are set appropriately and remain competitive within the local market. Market Rent tenancies will normally be reviewed and adjusted annually on the anniversary of the tenancy. As Market Rent homes are not classified as social housing, they sit outside the scope of the Regulator of Social Housing's Rent Standard and rent setting for these properties is not governed by social housing rent regulation.

10. Application of Discretion

- 10.1 In exceptional circumstances, where an existing tenant is transferred to resolve a management issue (for example under-occupancy, domestic violence or excessive anti-social behaviour) and the tenant's existing rent is lower than the assessed formula rent for the new property, consideration will be given to letting the new property at a rent lower than target rent.

11. Customer Influence

- 11.1 Connexus recognises the importance of tenant insight in shaping fair and sustainable rent decisions. As part of the annual rent review cycle, we will use a range of engagement methods to understand tenants' views and utilise thematic insight work. We will specifically seek to identify affordability impacts and any emerging pressures on households. This tenant feedback will form part of the evidence base presented to and considered by the Board when determining rent levels for the coming year.

12. Responsibilities

- 12.1 The Executive Leadership Team (ELT), led by the Customer Director, recommends annual rent changes to the Board, ensuring that the calculations presented are accurately calculated.
- 12.2 The Board approves the policy and annual rent increases.
- 12.3 Colleagues involved in rent setting activities are responsible for reading, understanding, and correctly implementing this policy within their roles.
- 12.4 Colleagues whose work may influence rent-setting outcomes should remain aware of the potential impact of their decisions and seek guidance where needed.

13. Legislative and Regulatory Framework

- 13.1 This policy is developed and implemented in line with the Housing and Regeneration Act 2008; RSH Rent Standard; Government Policy Statement on Rents for Social Housing; Equality Act 2010; Housing Acts; Landlord and Tenant Act 1985; Homes England guidance.

14. Document Control

Approved by ELT	11 February 2026
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Policy developed by	Head of Communities
Consultations	Finance Director, Financial Control & Compliance Manager, Senior Housing Manager, Sarah Jackson (Director DTP)
Associated documents	Rent Setting Procedure

Version	Author	Date Published	Next Review	Comments
1.0	Head of Communities	01 Apr 26	01 Apr 29	Policy reviewed as part of its scheduled renewal and to update it in line with current legislation and practice.