



## Rent Strategy 2025 - 2035

Our vision “More homes, bright futures”, recognises that a place to call home is the foundation for a bright future.

One of our three ambitions is to build trust with our customers. Part of building trust is to make sure our charges are fair, reasonable and make sense, which is a promise made within our Customer Experience Strategy. This strategy supports our vision and ambitions:



This strategy sets out how we will set our rents across all tenures. It confirms that we will work within the government’s Rent Standard 2025 for our social and affordable rented homes, comply with the lease agreements for our shared owners and set comparable rents for our market rented homes, commercial units and garages.

Our ambitious new-build programme shows our commitment to play our part to meet local housing need and provide homes that are affordable for everyone. We will balance the need to maximise our income so we can continue to invest in our existing homes, offer good quality, reliable services to our customers and invest in building more homes.

We are committed to ensuring that all our customers can sustain their tenancies and live comfortably.



We offer a robust support service to help customers to manage their income and claim the benefits they are entitled to, in addition to supporting customers in financial hardship. We have dedicated officers that help new customers get off to a success start by making sure they have the essential items for their home, claim relevant benefits and set up their method of payment.

Rents are our main source of income and help us to generate a surplus that is reinvested into improving homes, building new homes and supporting our customers and the communities where they live. To maximise this opportunity, we will:

- Ensure that rents are charged at correct levels, reviewed in accordance with legislation, regulation and appropriate guidelines and collected in line with our policies
- Set rents on new developments in line with legislation and regulatory guidance to meet our stated ambitions of providing properties at both Affordable and Social Rent levels
- Set, charge and collect service charge expenditure in line with our service charge policy

### **How we set rents**

The government has two main ways of setting rent for social housing: Formula Rent (previously known as Target Rent) and Affordable Rent. The calculation of these rents is detailed in legislation and the Rent Standard 2025 published by the Regulator of Social Housing. We always ensure that our rents comply with this.

We have the flexibility to set rents up to 5% above the Formula Rent (10% for supported housing), which is known as the 'rent flexibility level' or 'tolerance'. Currently we set our Formula Rents to include the rent flexibility level.

The Rent Standard allows for a maximum annual increase of no more than the Consumer Price Index (CPI) as at September in any year, plus 1%. No additional increases are allowed to customers' rent during the year and rents are normally adjusted in April or in line with the conditions in the tenancy agreement.

Rent for shared ownership homes is set using the Affordable Housing Capital Funding Guide published by Homes England. Rents are calculated in accordance with the applicable guide at the time the home is built. After that, any changes to the rent follow the terms of the lease agreement between VIVID and the customer.

Rent for market rented, intermediate rented and residential leasing homes are all calculated with reference to the local housing allowance (LHA), which is set by the Department for Work and Pensions, and local market/private rents. This helps ensure our rents reflect what's reasonable and affordable in each area.

Rent and charges for commercial spaces and garages is based on market demand and property condition. We aim to set competitive prices that reflect current market rates and avoid long vacancies.

We'll adopt principles which mirror the assumptions in our Business Plan and for existing tenancies we will review our rents every year, in accordance with tenancy and lease agreements and maximise our rental income by:

- Reviewing Formula (Target) Rents in line with the government legislation and regulatory guidance – up to CPI plus 1% – assured, assured short-hold, fixed term
- Reviewing Affordable Rents in line with the government legislation and regulatory guidance - up to CPI plus 1%; in addition, the affordable rent will be re-based at the end of any fixed term or at any change in tenancy



up to 80% of the market rent in the local area or at the Local Housing Allowance (LHA) rates whatever is the lower

- Reviewing secure registered rents to the target rent level or the registered rent level – whichever is the lower
- Reviewing supported rents in line with the government legislation and regulatory guidance
- Reviewing residential leasing rents in conjunction with the lease arrangements
- Reviewing shared ownership rents within the lease agreements
- Reviewing income on commercial properties following advice from specialist commercial agents to determine what the market rates are – maximising income if the market will allow – and avoiding long vacant periods
- Reviewing intermediate market rental products so they stay close to 80% of local market rent. At the time of letting or review, we may adjust the rent by up to  $\pm 10\%$  which will be approved by the Chief Operating Officer, Customer Services Director, Chief Finance Officer or Director of Finance
- Reviewing market rental rents so they track market levels but allowing a discretion of plus or minus 10% at letting or review which will be approved by the Chief Operating Officer, Customer Services Director, Chief Finance Officer or Director of Finance
- Reviewing service charge costs to recover actual costs
- Reviewing garage charges – these charges will be driven by demand and condition

### **Re-letting properties**

- Social rented homes based on Formula (Target) Rent levels will be re-let at the calculated Formula Rent as defined in the Rent Standard 2025 published by the Regulator for Social Housing
- Affordable Rent homes will be rebased at each new tenancy and will be set at a level equivalent to LHA rates or 80% of local market rents, as calculated under RICS valuation guidelines, whichever is the lower

### **New build and acquisitions:**

- Social rented properties will be let at Formula (Target) Rent levels with additional service charges as appropriate
- Affordable Rent levels will be set at local Housing Allowance (LHA) rates or 80% of local market rents as calculated under RICS valuation guidelines, whichever is the lower. This is inclusive of any communal service charges. It's acknowledged that rents will be higher in some local authority areas due to the market levels and differing LHA rates. Discretion can be used to reduce rent levels where considered to be appropriate. This discretion will be considered by the Project Approval Committee as part of the project appraisal
- Market rented products will be modelled on market values. However, these products which are free from any planning restrictions can have rents set to suit our future customers

### **Supporting our customers**

We aim to support all our customers to sustain their tenancies. Affordability checks are undertaken to ensure that customers are offered the right homes to suit their income levels. As noted above we offer a range of support services to help customers which include:

- Financial Inclusion services to help with claiming benefits and money management
- Hardship support initiatives
- Intensive tenancy sustainment support
- Access to and support to use on-line services



**Links to other strategies and policies**

- This strategy should be read in conjunction with the following:
- Development strategy
- Customer Influence strategy
- Customer Experience strategy
- Service Charge policy
- Income Management policy
- Lettings policy
- Tenancy Policy
- Service standards

Author	Approving Body	Date approved	Review date
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