



VIEWS

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Setting rents for accommodation categories exempt from the Rent Standard 2020

– Sarah Jackson, Senior Consultant DTP



Background

In 2019 the Ministry for Housing, Communities and Local Government (MHCLG) published its Policy Statement on Rents for Social Housing (effective from 1 April 2020) replacing previous guidance issued in 2014. The Regulator of Social Housing (RSH) then published a new Rent Standard effective from 1 April 2020.

The policy statement introduced some key policy changes from April 2020 and also directed the RSH to apply its new Rent Standard to all Registered Providers (RPs) i.e. Local Authority registered providers as well as private registered providers (the majority of which are housing associations).

The MHCLG policy statement at Chapter 5, 5.1 and the RSH Rent Standard include provision for exemptions to the Standard for certain forms of accommodation (providing the provider is able to demonstrate that they meet the specific exemption criteria):

'This policy statement does not apply to certain categories of low cost rental accommodation. These excepted categories are:

- Shared ownership low cost rental accommodation
- Intermediate rent accommodation
- Specialised supported housing
- Relevant local authority accommodation
- Student accommodation
- PFI social housing
- Temporary social housing
- Care homes

The Challenge

Whilst the exemptions to the RSH Rent Standard can be beneficial to RPs, allowing them greater flexibility to set rental levels for complex forms of housing which better reflect the true costs of provision (subject to meeting the specific criteria for the respective category), this does not allow a 'carte blanche' approach.

All forms of 'low-cost rental accommodation', or social housing as it is more commonly known, need to firstly meet the requirements as defined by section 69 of the Housing and Regeneration Act 2008, which requires rents to be set 'below the market rate and accommodation made available to people whose needs may not be adequately served by the commercial market'. This is in addition to meeting the requirements of any exemption category which might apply.

Regulatory focus in this area is high and the RSH has downgraded a number of organisations for governance and/or financial viability and issued a range of regulatory notices and judgements in relation to failure to comply with the Rent Standard.

In our work in this field, we at DTP are increasingly seeing RPs seeking external validation of their compliance with the Rent Standard, particularly relating to non-standard accommodation where exemption categories may apply such as:

- more specialist forms of supported housing
- temporary housing (such as hostels, domestic violence refuges, move-on accommodation, foyers etc.)
- intermediate rent accommodation.

How we can help

DTP can offer support to ensure that your organisation is fully compliant with the RSH Rent Standard based on your own unique stock profile. This may include application of familiar Formula Rent and Affordable Rent models but also the more complex accommodation categories which require compliance with specific criteria as well as requiring assurance that rent levels are 'at below market levels and accommodation offered to those whose needs may not be adequately served by the commercial market' before any exemption can be applied.

DTP has helped many providers to review their compliance with the Rent Standard and also provided support to address any potential gaps in compliance. Our approach is unique to the needs and circumstances of your organisation and will help you to understand your own data, the requirements of the Rent Standard and provide you with much needed external validation and assurance.

Get in touch with the DTP team below if you feel you would benefit from support around Rent Standard compliance. You can also listen to our podcast on the issue on youtube – <https://youtu.be/QV8wUARcqMM>

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