



North Tyneside Council

Affordable Rent Policy

1 Introduction

- 1.1 This Policy sets out North Tyneside Council's approach to implementing and managing Affordable Rent Tenancies.
- 1.2 The Localism Act 2011 made variations to the Housing Act 1988 by allowing Registered Providers the option to set rents at up to 80% of Market Rent Levels; this is known as an 'Affordable Rent'.
- 1.3 The purpose of introducing Affordable Rents was to 'better position' providers to deliver their development ambitions assisted by the increase in rental income.

2 Affordable Rent Policy

- 2.1 North Tyneside Council's Affordable Rent Policy will apply an Affordable Rent to:-
 - all new build properties developed in partnership with the Homes and Communities Agency (HCA) and which benefit from Affordable Homes Programme funding. This is in line with the HCAs requirement for the use of an Affordable Rent when grant is secured.
 - all other properties where the use of affordable rent is appropriate and permissible.(see 4.3)
- 2.2 An affordability check will be undertaken to ensure all properties are affordable and sustainable for each new tenant.

3 Rent Setting

- 3.1 Affordable Rent differs from social and target rent as its set in relation to the market rent. The HCA's guidance is that Affordable Rents should be set at up to 80% of the gross market rents in the locality, reflecting the property size and location and be inclusive of service charges.
- 3.2 Affordability will also be considered; if the proposed rent for an area exceeds the Local Housing Allowance (LHA) North Tyneside Council will set the Affordable Rent at the LHA level.
- 3.3 The maximum permissible rent (including service charges) for new build homes on first let and all subsequent re-lets will be at 80% of Market Rent for that locality or the Local Housing Allowance, whichever is lower.

- 3.4 Affordable Rent levels will be set using a Royal Institute of Chartered Surveyors (RICS) recognised method and will follow any guidance issued by the HCA on valuation for Affordable Rent tenancies
- 3.5 Rent changes will be made in line with the Government's rent setting formula.
- 3.6 Rent levels will be reviewed on every occasion an Affordable Rent tenancy is issued and at the end of a fixed term.

4 Allocation

- 4.1 Homes will be allocated in line with our Allocations and Letting Policy and the relevant nomination / Choice Based Lettings arrangement appropriate to our homes.
- 4.2 If it is not possible to successfully let a property through the normal allocation system, consideration will be given to allocating / re-advertising the property at a target rent. Target rent is a government standard, it is based on relative property values and relative local earnings. The target rent formula was set to bring social rents for similar properties and similar areas into line across all housing associations and local authorities.
- 4.3 Homes considered appropriate for affordable rent will be assessed with regards to their affordability. The Head of Environment, Housing and Leisure will make the decisions on property selection in consultation with the Cabinet Member for Environment and Transport, Head of Environment, Housing and Leisure and Head of Finance.

5 Tenure

- 5.1 Existing tenants, with a Secure Tenancy, who are transferring to an Affordable Rent property will be granted a Secure Tenancy, in line with the North Tyneside Tenancy Agreement. All other successful applicants allocated an Affordable Rent property will be first granted an Introductory Tenancy, in line with the North Tyneside Tenancy Agreement. This aims to ensure that a tenant fully understands their tenancy obligations and is able to sustain the tenancy.
- 5.2 If an Introductory Tenancy is conducted successfully and no action is taken to terminate it, this will be converted to a Secure Tenancy, as detailed in the Tenancy Agreement.

6 Managing Affordable Rent Tenancies

- 6.1 Affordable Rent Tenancies will be managed in line with North Tyneside Council's Tenancy Agreement.
- 6.2 Residents paying an Affordable Rent will have the same rights to Mutual Exchange and the statutory succession rights associated with their tenancy type
- 6.3 The Right to Buy and the Right to Acquire may be available to residents paying an Affordable Rent subject to the current qualifying criteria.

7 Review

- 7.1 The Affordable Rent Policy will be reviewed every three years following formal adoption.