



# Residential rents policy 2025/6

## 1.0 Purpose and scope

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This policy outlines the framework for how we set and review residential rents. Our group board approves how rents are set and reviewed annually and approves the approach to be adopted. This is set out within this policy and supplementary residential rents procedure.

This policy covers our statutory, regulatory, and contractual obligations at the same time as ensuring we meet our social purpose to provide affordable housing.

The policy applies to rented residential properties across all tenures. Unless an exception is being applied, all residential properties are subject to an annual rent review. In line with the forthcoming Renters Rights Act, rents will no longer be granted on a fixed-term tenancy basis.

For each annual rent review, we send out written notification of rent change information all residents. Providing the minimum statutory one-month notice.

## 2.0 Categorisation of different rent types

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We offer several different rental products which are subject to differing rules according to regulation, legislation or contractually specified as grouped below:

**Regulated (social and affordable) rent – these are subject to the Rent Standard:**

1. Assured rent
2. Secure fair rents
3. Affordable rents
4. London Affordable Rent

**Greater London Authority (GLA) and contractual rents (exempt from the Rent Standard provisions):**

5. Shared ownership
6. London Living Rent
7. Intermediate market rent
8. Simplicity rent
9. Keyworker rents and student accommodation
10. Market rents

### **Ground rent**

The rents discussed in this policy do not cover ground rents which are not reviewed annually but are set according to the lease terms. Ground rents also apply to full equity leaseholders and shared owners alike unlike this rent review which applies only to shared ownership leaseholders.

## **3.0 Definitions**

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The following are key terms in relation to rents legislation and regulation.

**Consumer price index** – the rate at which the prices of goods and services bought by households rise and fall, estimated using consumer price indices.

**Social rent caps** – cap restrictions applied to formula rents to minimise the impact of high-value properties.

**Formula rent** – the standard social rent formula introduced by the government in 2002 as part of the rents convergence policy. This defined a calculation to work out a consistent ideal rent level for any property (referred to as target or, post 2013, formula rent). The calculations are based on the market value of the property, number of bedrooms and average earnings in the area.

**Rent flexibility** – a set percentage amount that the Regulator of Social Housing's rent standard allows to be charged in addition to the formula rent at a registered social landlord's (RSL's) discretion, provided they demonstrate a clear rationale for so doing. This is 5% for general needs and 10% for supported housing.

**Greater London Authority (GLA)** – the devolved regional governance body of greater London.

**Gross rent** – the total amount payable inclusive of any applicable service charges.

**Net rent** – the total amount of rent payable exclusive of any applicable service charges.

**Local housing allowance (LHA)** – rates used to calculate housing benefit for tenants renting from private landlords. The LHA rates are determined by the valuation office agency, based on private market rents being paid by tenants in the broad rental market area (BRMA).

**Regulator of Social Housing** – a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government, that regulates registered providers of social housing.

**Rent standard** – regulatory standard outlining the framework on how registered providers shall charge social rents.

**Retail price index (RPI)** – a measure of inflation, which outlines the rate at which prices for goods and services are changing.

**Section (S) 106 agreement** – an agreement made as part of the planning permission for new homes, which may specify things such as the maximum rent to be charged.



## 4.0 Regulated rents (social and affordable)

This section sets out the approach we take when setting rents for new lets, issuing rents for properties that are re-let and reviewing rents which are subject to the regulatory rent standard. This outlines that rents may be increased up to the prior September CPI + 1%. The CPI for September 2024 was 1.7%

### 4.1 Social rents

We have two social rent types: **assured** and **fair** rents.

All social rents are set *exclusive* of any applicable service charges (cost of services that are charged in addition to the specified rent).

Each social rent property has a formula (target) rent which is calculated annually according to the rent standard technical guidance and used or referred to in the calculation of new, re-let and reviewed rent levels.

In addition, the uplift available through rent flexibility is applied at the point of re-let and does not impact annual reviews.

Fair rents are also governed by the [Rent Act 1977](#), so rents set by the VOA (the registered rent level), will be the maximum amount chargeable if it falls below the formula rent level.

Fair rents are re-registered once every two years. The registration of a fair rent never expires and remains the maximum amount we can charge in a specific property until it is re-registered.

At any point during rent setting or review, social rent levels cannot exceed the national 'social rent cap'.

See [Appendix 1](#) for the 2025/26 formula rent calculations and social rent caps.

The model for regulated social rents during 2025/26, is set out below:

	Assured rent	Secure rent
<b>First-let</b>	Rent set at formula rent plus an additional 5% for general needs or 10% for care and support up to the social rent cap	Fair rents only apply to secure tenancies which were issued prior to January 1989 and are no longer issued to new tenants. However, a transferring secure tenant often retains their fair rent type.

<b>Re-let</b>	As above	On re-let, fair rent properties convert to assured rent. However, where a secure tenant transfers internally, we will set the rent at the lowest of the applicable formula or registered fair rent. If the rent for the property has never previously been registered, the formula rent will be charged and a new fair rent applied for. If the VOA registers a lower amount, we will backdate the lower rent to the start of tenancy.
<b>Annual</b>	The net rents are increased by	The net rents are increased by either:
	<b>Assured rent</b>	<b>Secure rent</b>
<b>review</b>	either: <ul style="list-style-type: none"> <li>• 2.7% (CPI+1%) where the current rent is below the formula rent level</li> <li>• 1.7% (CPI only) where the current rent is greater than the formula rent</li> </ul>	<ul style="list-style-type: none"> <li>• 2.7% (CPI+1%) where the current rent is below the formula rent level</li> <li>• 1.7% (CPI only) where the current rent is greater than the formula rent</li> </ul>

#### 4.2 Rent flexibility resident consultation

The rent standard maintains that rent flexibilities should be used in a “balanced way” but if usage is being considered, there must be a clear rationale, and this must be done in consultation with customers. We consult residents annually on the use of rent flexibility.

It is important to note that this uplift is applied to rents only at the point of re-let and does not impact annual reviews.

#### 4.3 Affordable rents

We have two affordable rent types: **affordable rent (AR)** and **London Affordable Rent (LAR)**

Affordable rent tenancies are *inclusive* of any service charges (but **not** personal or ineligible charges) and cannot exceed 80% of market rent.

We introduced affordable rents in January 2012, where properties were let at 80% of market rent, subject to our internal caps. These caps were created to artificially lower rent levels in high value areas, recognising affordability issues. The internal caps are also equal to or lower than local housing allowance (LHA).

In assessing the market rent level for any property, we use the standard Royal Institute of Chartered Surveyors (RICS) valuation method which takes into account the individual characteristics of that home, such as number of bedrooms and communal facilities.

Valuations remain valid for a three-month period and existing valuations less than three months old are used to set rents for like-for-like homes on the same scheme if available.

Where a scheme specific section 106 agreement includes restrictions on rent levels, these will also be considered during rent setting.

London Affordable Rent is an affordable rent product introduced by the current Mayor of London to substantially reduce the current affordable rent 80% market rent levels, set out in the [2016/21 affordable homes programme funding guidance](#).

As with social rents, the rents are *exclusive* of any applicable service charges. The weekly benchmark rents are updated each April by the previous September CPI +1% which reflects the formula (target) rent cap figures for social rent properties.

See appendix 2 for the 2025/26 affordable rent caps and the GLA benchmark London Affordable Rent level rates.

Affordable Rents will be rebased on each occasion that a new tenancy is issued to a new tenant to ensure that the rent set at the beginning of each new tenancy is no higher than 80%; and then it will be rebased every five years from the beginning of the tenancy.

The model for regulated **affordable** rents during 2025/26 is set out below:

	Affordable rent	London Affordable Rent
<b>First-let</b>	<p>Affordable rents follow separate rent setting rules depending on whether the property was built as affordable rent or converted to affordable rent from social rent as part of the GLA affordable homes programme.</p> <ul style="list-style-type: none"> <li>For properties built as affordable rent, gross rent will be set in line with any S106 planning requirement or at the lowest of 80% of market valuation or LHA.</li> <li>For properties converted to affordable rent, gross rent will be set at the lower of 80% market rent, LHA level, or our affordable rent caps.</li> </ul> <p>In cases where the rent would be lower than the formula rent, the formula rent constitutes a floor for the rent to be charged even if this subsequently exceeds 80% of the market rent value for the property. This is prescribed in the Rent Standard</p>	<p>London Affordable Rent (LAR) rent levels are set and published annually by the GLA.</p> <p>The rents act as a ceiling for the maximum rent to be charged and providers have the flexibility to charge less than the benchmark if financially viable. Where any S106 agreement furthers caps the rent, the lower will be taken.</p> <p>When setting the rent on a new LAR scheme we will compare LAR to market rent and LHA and reserve the right to exceed the LHA level.</p>
<b>Re-let</b>	<p>As above. However, where the accommodation is re-let to the same tenant as a consequence of a probationary tenancy coming to an end, the rent is not re-set. This is outlined in the Rent Standard.</p>	<p>Rents will be set at the lowest off the applicable GLA benchmark rent or 80% of market rent, inclusive of service charges</p>
<b>Annual review</b>	<p>The gross rents will be increased by 2.7% (CPI+1%)</p>	<p>The net rents will be increased by 2.7% (CPI+1%)</p>

#### 4.4 Exceptions and exemptions

Our current policies have some rent protection clauses for some customers moving home or requesting a tenancy change. For affordable rent homes, the rent type will remain at that type (and will be inclusive of service charges), but we will reduce the rent to match the comparable social rent plus service charge where:

- A tenancy changes from joint to sole or sole to joint
- A Notting Hill Genesis customer on a social rent has been awarded a priority transfer status (awarded either a band A or B as per our banding scheme, which can be found in our [lettings and allocations policy](#)).

Customers awarded a band C/D for their transfer or who are moving as part of the household member scheme (see [our lettings and allocations policy](#)) take on the rent level of the home they are moving into and will be charged the correct formula rent level (which could mean an increase or decrease to the rent level). This approach also applies to mutual exchanges.

In some cases, we may need to deviate from these rules to let an affordable rent property, or to ensure the viability of a new scheme. In any case rents will never exceed 80% of market rent.

For tenancies commencing during February and March, new customers will be advised of the current and new (April) rent at the point of sign up.

## 5.0 GLA and contractual rents

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This section sets out the approach we will take when setting rents for new lets, issuing rents for properties that are re-let and reviewing rents which are governed by either the GLA or contractual clauses.

### 5.1 Shared ownership rents

Shared owners pay rent on the share of the property that we retain. We have two shared ownership rent types, **assured** and **fair**.

For 2025/26, we will apply the following:

Shared ownership assured rents	
<b>Sale</b>	This rent is calculated as a percentage of the unsold equity as specified in the lease.
<b>Resale</b>	Where the home is sold, the purchaser becomes responsible for the current rent charged.
<b>Annual review (assured rent)</b>	These rents will be increased according to the terms of the lease. The vast majority of shared ownership leases follow rent increases based on RPI in September, October, November, December, January and February plus an additional uplift as specified in the lease agreement.

	<p>If the lease terms are unavailable, we assume a default position of applying an increase annually in April using September RPI + 0.5%.</p>
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## 5.2 Shared ownership fair rents

We have a small number of leases that allow rent reviews using a fair rent mechanism, in two variations:

- In some cases, leases allow for an increase notice to be drawn up and served by Notting Hill Genesis to propose an increase in rent. This notice allows the leaseholder to accept the increase or disagree by sending a counter-notice. Where no agreement can be reached, the decision can be referred to a rent officer at the VOA. In this situation, we may request a certain rent level, but this can be overridden by the rent officer and a different rent registered.
- In other instances, we are required to make a request directly to the rent officer for an increase in the registered rent. The rent officer is required to verify these increases before they come into effect. Fair rents can be registered only every two years and are linked to the date of the lease. As such, they do not form part of this annual rent review process.

In recognition of historically low levels of fair rents, the following approach will be applied in 2025/26:

- 10% increase for those homes within 30% of the registered rent, or
- 25% increases for those homes currently being charged less than 70% of registered rent.

## London Living Rent

Introduced by the GLA, London Living Rent (LLR) is an intermediate rent product, with sub-market rents on time limited tenancies. The initial rents for this initiative will be set and published annually by the Greater London Authority (GLA) for each ward in London, based on data for median gross household incomes for specific geographical areas.

The key principle is that customers will be offered to buy their LLR home on a shared ownership basis during their tenancy and within 10 years.

In line with the GLA criteria, LLR rents are increased annually by CPI both within the development period and post completion (until sale of unit) and thereafter the shared ownership rent of RPI+0.5% will apply for the remainder of the discount period.

Monthly LLR rents must also not exceed the income cap set by the GLA. This is currently £67,000 of household income. This results in a current monthly LLR cap of £1,563 to align with planning guidance on affordability.

London Living Rent	
<b>First-let</b>	We will set the rent levels at up to the applicable benchmark rent, uprated annually.
<b>Re-let</b>	On re-let, the rent will revert to the applicable London Living Rent level from the benchmark rent rates.
<b>Annual review</b>	London Living Rent is increased in year at the rate of CPI only. The September 2024 CPI was 1.7% therefore rents will be increased by 1.7% in 2025/26

See appendix 3 The 2024-25 GLA Benchmark LLR rent rates

### Intermediate market rents (IMR)

Intermediate market rents (IMR) are set at 80% of market rent valuations inclusive of service charges. Although similar to the affordable rent style setting, no caps are applied to the total rent level and any service charges associated with the property are not charged to the tenant.

Intermediate market rent	
<b>First-let</b>	We will set the rent levels at 80% of market rent.
<b>Re-let</b>	Relets will follow the same rule as the first let in that the rent will be recalculated to 80% of the market rent.
<b>Annual review</b>	The group board have approved that for properties previously identified as paying significantly below 80% market rent, that these rents will be increased each year by one third of the difference between the 80% market rent level and the current rent, over a three-year period to avoid potential financial hardship.

### Simplicity rents

Our Simplicity product offers low-cost secure rented housing to working people. The rents are currently set at 80% of market rent but the product is not regulated so we have the option to adopt market rents . Simplicity properties do not have service charges.

Simplicity rent	
<b>First-let</b>	We will set the rent levels at 80% of market rent.
<b>Re-let</b>	On re-let, the rent will be recalculated to 80% of the market rent. If the rebased rent is lower than the previous rent the previous tenant was paying, rent will be kept at the current level.

<b>Annual review</b>	Rents will be increased by CPI+1% (2.7%) capped at the Local Housing Allowance level if this is lower.
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### Keyworker rents and student accommodation

Rents for key worker and student accommodation are to be set in line with the contractual agreement in place with the specific NHS trust or university. If no contractual agreement is in place, the rents are to be set either to market or in accordance with planning and grant requirements.

<b>Keyworker rents and student accommodation</b>	
<b>First-let</b>	For keyworker schemes, we will set the rent levels at 80% of market rent. For student accommodation, rents will be set at market rent rate.
<b>Re-let</b>	The rent levels will revert to the rates at first-let subject to operational/management agreements
<b>Annual review</b>	Rent increase levels are governed by the operational/management agreements we hold with each stakeholder. For most key worker schemes, rents are increased by January RPI plus 1%. For student let's, rents are increased by January RPI plus 1%.

### Market rents

We set market rents for new homes, re-let and tenancy renewals based on the market rent for similar properties in the area.

We consider several factors when comparing home such as location, including transport links, floor level, property condition, number of bedrooms and communal facilities and other amenities to determine market value.

We review the rent on market rent tenancies on an annual basis in line with the tenancy agreement.

<b>Market rents</b>	
<b>First-let</b>	Market rates based on comparables.
<b>Re-let</b>	Market rates based on comparables and property condition
<b>Annual review</b>	Subject to rental agreement

### Temporary housing

Temporary housing rent levels will depend on the individual arrangement we have with the local authority the temporary housing is being provided on behalf of.

The rent for temporary housing units will usually be calculated as either 90% of January 2011 LHA plus £40 per week (known as the temporary housing subsidy formula) or 100% current LHA plus £45 per week.

However, some local authorities choose to apply different calculations to allow for flexibility and to address the issue of supply and demand.

Any changes to rents in temporary housing tenancies will be made in line with the tenancy agreement or licence and any agreement with the local authority.

## General exceptions

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Annual reviews will not be carried out in the following circumstances:

- Homes 'off-debit' (as these have no tenancies or rent accounts, off-debit properties are monitored monthly)
- Recent stock transfers, where rents will be reviewed the April after transfer, even if this means that the residents will not have an increase in the current year.
- Customer relocations (let on a licence agreement) where the rent is reviewed in line with the residents' permanent property

## Appeals to rent calculations or rent reviews

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All customers have the right to challenge us in writing if they believe their rent has been **set incorrectly**, or their **annual rent review** has not been applied in accordance with this policy, within 30 days of being notified of the new rent.

There are different mechanisms available to them:

- Where a customer's rent increase is applied via a contractual term within their tenancy agreement, they have the right to raise a query and if not satisfied lodge a complaint. In these cases, the complaints policy and procedure will be followed.
- Where a customer's rent increase is applied via a section 13 (Form 4B) legal notification, they have a formal right of appeal with the First Tier Tribunal Service, which also has to be made within 30 days of being notified of a new rent.

**Note:** From 2025/26, the Renters Right Bill will require all private rented sector rents to have a section 13 notice increase. All other customers will continue to only receive a section 13 notice increase where their tenancy agreement does not include any increase provision.

Fair rent (secure) tenants can appeal to the VOA against the rent that has been registered by the valuation office, rents officer within 14 days of it being registered if they believe it is incorrect.

## Monitoring and review

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The policy will be updated in response to changes in legislation or regulation ensuring it remains current and compliant.

This policy is owned by the customer experience department in the operations directorate which has overall responsibility to ensure the policy reflects regulatory requirements. Group board members are kept informed of any significant changes and that the policy is adhered to by regular key performance indicator (KPI) reporting.

## References

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- Rent Act 1977
- Social Housing Rents (Exceptions and Miscellaneous Provisions) 2016
- The Rent Acts (Maximum Fair Rent) Order 1999
- Rent Standard 2025 and Policy Statement on Rents: [Rent Standard and Guidance - GOV.UK](#)
- Landlord & Tenant Act 1985 and 1987
- The General Social Housing Rents Permitted Review Day Consent 2016
- Housing Acts (1974, 1980, 1985, 1988, 1996, 2004)
- The Assured Tenancies & Agricultural Occupancies (Forms) [amendment] {England} Regulations 2003
- Housing & Planning Act 2016
- GLA London Affordable Rent Benchmarks
- London Living Rent Ward Benchmarks
- Renters' Rights Act 2025 (draft bill)

### Document control

Author	Emma Turay, Assistant Director of Regulation & Policy
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### Version Control

Date	Amendment	Version
01 April 2024	New policy	V1.0
01 April 2025	Policy amended to reflect Board approval of annual approach and to update changes to reflect Renters Rights Act	V1.1
04 August 2025	Policy amended to reflect rebasing for affordable rents	V1.2
07 January 2026	Policy amended to include reference to Regulator of Social Housing and a link to the Rent Standard and Policy Statement of rents	V1.3

## Appendix 1 – Social Rents

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### Formula Rent Calculations

The initial rent on properties to be let at social rent must be at a level that is no higher than formula rent, subject to the rent flexibility level

The basis for the calculation of weekly formula rents is equal to:

- 70% of the national average rent
- Multiplied by relative county earnings
- Multiplied by the bedroom weight

Plus

- 30% of the national average rent
- Multiplied by relative property value

National average rent means the national (England) average rent in April 2000. Relative county earnings mean the average manual earnings for the county in which the property is located divided by national average manual earnings, both at 1999 levels.

Putting the relevant information into the above formula will give the formula rent for 2000/01 for the property. The 2000-01 formula rent must then be up rated, for each year, using the relevant uplift set out in the Rent Standard. Formula rents will increase by CPI (at September of the previous year) + 1 percentage point each year from 2024-25 onwards.

Formula rent is subject to a rent cap.

### Social Rent Caps 2025/26

Social Rent Cap	2025/26
<b>Bedsit &amp; 1 bedroom</b>	£194.06
<b>2 bedrooms</b>	£205.46
<b>3 bedrooms</b>	£216.87
<b>4 bedrooms</b>	£228.27
<b>5 bedrooms</b>	£239.69
<b>6 or more bedrooms</b>	£251.10

## Appendix 2 – Affordable Rents

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### NHG Affordable Rent Caps 2025/26

House type	2025/26 Weekly rent relet caps (inclusive of service charges)
RELET Studio /Bedsits	£239.56
RELET 1 Bed	£251.07
RELET 2 Bed	£262.58
RELET 3 Bed	£274.11
RELET 4+ Bed	£285.65

### London Affordable Rent Benchmarks 2025/26

Bedroom Size	2025/26 weekly rent (exclusive of service charges)
Bedsit & 1 bedroom	£206.87
2 bedrooms	£219.02
3 bedrooms	£231.19
4 bedrooms	£243.35
5 bedrooms	£255.52
6 or more bedrooms	£267.67

## Appendix 3 – 2025/26 London Living Rent Benchmarks

London Living Rent Benchmarks for 2025/26:

<https://www.london.gov.uk/programmesstrategies/housing-and-land/buying-and-owning-home/london-living-rent>