

Wiltshire Council **Rent Setting**

Background

One of the main factors in the current setting of rents by social landlords is a national process of “Rent Restructuring”. In April 2000, the government published a report ‘Quality and Choice: A Decent Home for All’, which stressed the need to move to a fairer system of affordable rents for all landlords of social housing. In December 2000, the government announced social housing rent reforms, which are referred to as rent restructuring or rent convergence. The idea was that by 2013 (this target date has since been deferred), two tenants living in identical properties on the same estate should be paying the same rent, whether the landlord is a council or a housing association.

Another factor for consideration when setting rents is that there is also a limit in the current government policy on how much rents can increase by in any one year up to 2012. This limit is inflation plus 0.5% plus £2 on the weekly rent. The target rents started to come into effect in April 2002. Under current government policy, once the target rent has been reached, rent increases should not exceed inflation plus 0.5% each year. The target is based on a calculation that takes into account the size, location and value of the property. Rent Charges are now based on this formula:

- average manual wages in the area
- property values in the area
- the number of bedrooms in your home

Rent Setting by Wiltshire Council

The rents charged by Wiltshire Council are already close to the new target rents required under rent restructuring. When considering the appropriate level of rent to set for the next financial year in its budget-setting exercise at the start of each calendar year, the Council will therefore have regard to the target rent and rent restructuring rules as referred to above, and also the current balance position of the Housing Revenue Account (HRA), the Retail Price Index with regards to inflation, and also the wider economic situation of tenants and their ability to pay.