Rent Setting Policy

Our policy to be fair and transparent when setting rents, and to ensure compliance with regulatory standards.

The basics

The aim of this policy is to outline how rents are set at Leeds Federated, ensuring compliance with the Regulator of Social Housing's Policy statement on rents for social housing and Rent Standard 2026.

Leeds Federated has a wide variety of stock and tenancy types.

The below table sets out the Association's stock profile as at 31st March 2025:

General Needs – Social Rent	3,192
General Needs – Affordable Rent	521
Shared Ownership / Leasehold	510
Supported – Social Rent	261
Agency Managed – Social Rent	225
Student Accommodation	62
Market Lets	23
TOTAL	**4,794**

This policy and the accompanying Rent Setting Procedure set out the approach Leeds Federated will take for all types of rent when:

a) properties are first acquired or developed
b) properties are re-let
c) rents are increased

Rent is charged to all Leeds Federated customers, and covers the costs of property maintenance, general overheads, staffing, and financing costs. Rental income is also invested alongside government grants into funding improvements to existing stock and the development of new homes.

Our approach

If properties have been built with the help of government funding such as Social Housing Grant, there are limits on how much the rent can be increased by each year. These are known as regulated rents. As a registered provider of social housing, Leeds Federated must report its regulated rent charges to the Regulator of Social Housing each year, to evidence that the allowed limits have not been exceeded.

The Policy statement on rents for social housing allows for higher rents to be set for social tenants whose annual household income exceeds £60,000. Leeds Federated have assessed that the costs of monitoring customers' annual income levels would outweigh the benefit of charging a higher rent for those customers with a higher income, so there is no change to how rents are set for customers whose household income exceeds £60,000.

The Policy statement on rents for social housing allows for an increase of a maximum of September CPI + 1% for social and affordable rents in April 2026. On 22nd October 2025, the Office for National Statistics confirmed that CPI for September 2025 was 3.8%. This means that Social and Affordable rents can be uplifted by a maximum of 4.8% (being CPI+1%).

Whilst rents on other properties such as Shared Ownership and Commercial units are not regulated, there are still limits on how much these rents can be increased by, in line with the individual lease / tenancy agreements in place for these properties.

The Rent Setting Procedure sets out the detailed processes, timelines, and responsibilities for calculating rents. The approach that will be taken for each type of rent is set out below.

Regulated Rents:

1. Social Rents

Social rents are based on a formula set by government which considers the value of the property, the size of the property and local income levels. This approach ensures that similar rents are charged for similar properties.

The Policy statement on rents for social housing allows social landlords to apply up to an additional 5% onto the formula rent for General Needs properties, and an additional 10% for Supported Housing properties. This is known as the ‘rent flexibility’. Leeds Federated has chosen to apply rent flexibility of 4% for its General Needs properties, and 9% for its Supported Housing properties to support future investment requirements in existing and new homes.

Social rents (including flexibility) must not exceed the government-set rent caps which are set out below. The rent cap increases annually by CPI+1.5% each year.

Weekly Rent Cap:

Number of bedrooms	2025/26 Rent Cap	2026/27 Rent Cap (3.8% CPI + 1.5% = 5.3% increase)
1 and bedsits	£194.06	£204.35
2	£205.46	£216.35
3	£216.87	£228.36
4	£228.27	£240.37
5	£239.69	£252.39
6 or more	£251.10	£264.41

In line with the Rent Standard 2026, social rent properties must not be converted to:

a) Affordable rent (unless agreed by Homes England)
b) Market rent
c) Intermediate rent

Social rents don’t include service charges.

New homes acquired / developed:
New social rents will be set by the Development team with support from the Finance team as required.
Social rents on new homes will be set using the formula rent calculation plus flexibility, and will be limited by the rent cap.

Relets:
The Housing team are responsible for requesting the relet rents from the Finance team. Social rents on relet will be set using the formula rent calculation, plus flexibility, and will be limited by the rent cap.

Annual uplifts:
The annual increases will be calculated by the Finance team.
- Social rents below the formula rent level will be increased by CPI+1%
- Social rents above the formula rent level, but at or below the formula rent + flexibility level will be increased by CPI+1%.
- Social rents exceeding the formula rent + flexibility level will be increased by CPI.

All uplifted social rents will be limited by the rent cap.

2. Affordable Rents

Affordable rents include service charges and are capped at a maximum of 80% of the market rent. Leeds Federated uses Savill's Interactive Automated Valuation Model for determining market rent levels, which provides up to date market rent comparisons based on various features including location and property type.

Leeds Federated has an agreement with North Yorkshire Council that the affordable rent charged on certain new developments in the Harrogate district will not exceed the Local Housing Allowance (LHA). Affordable rents at these schemes must be capped at the LHA level. Where possible, within the Board-approved viability criteria, Leeds Federated will aim to do this for new affordable rent schemes in other areas as well.

In line with the Rent Standard 2026, affordable rent properties must not be converted to:
a) Market rent
b) Intermediate rent

New homes acquired / developed:
New affordable rents will be set by the Development team with support from the Finance team as required.
Affordable rents will be set via the Savills model and will be the higher of:
a) 80% of market rent inclusive of service charges
b) formula rent plus service charges

Affordable rents in the Harrogate district will be capped at the LHA level.

Relets:
The Housing team are responsible for requesting the relet rents from the Finance team. Affordable rents will be set each time the property becomes void via the Savills model and will be the higher of:
a) 80% of market rent inclusive of service charges
b) formula rent plus service charges

Affordable rents in the Harrogate district will be capped at the LHA level.

Annual uplifts:
The annual increases will be calculated by the Finance team.
Affordable rents will be increased by CPI+1%, with the charge capped at 80% of market rent inclusive of service charges.
For Affordable rents in the Harrogate district, the uplifted rent will be capped at the lower of:
a) 80% of market rent inclusive of service charges

b) the LHA level

3. Agency Managed Supported Housing

The majority of Leeds Federated's agency managed homes are set at the social rent level. There are six agency managed homes that have Affordable rents.

When properties are returned from an agency the rent is set according to the property type as detailed within this policy. The Finance team will provide the new rents to the Housing team when requested.

Relets:
The rents to be charged on re-let for the forthcoming financial year are calculated by the Finance team during December and issued to the Agency & Contracts Manager who is responsible for communicating these to the Agencies.

- Social rents below the formula rent level will be increased by CPI+1%
- Social rents above the formula rent level, but at or below the formula rent + flexibility level will be increased by CPI+1%.
- Social rents exceeding the formula rent + flexibility level will be increased by CPI.

All uplifted social rents will be limited by the rent cap.

The six Affordable Rent properties are within high turnover homeless schemes, and it is not feasible to re-recalculate the average market rent each time these units are relet. Therefore, the affordable rents for these four units are calculated during December and remain unchanged during the year.

Affordable rents will be increased by CPI+1%, with the charge capped at 80% of market rent inclusive of service charges.

Annual uplifts:
The annual increases, and the rents to be charged on re-let, will be calculated by the Finance team in conjunction with the Agency & Contracts Manager and in line with the individual agency management agreements.

- Social rents below the formula rent level will be increased by CPI+1%
- Social rents at or below the formula rent + flexibility level will be increased by CPI+1%.
- Social rents exceeding the formula rent + flexibility level will be increased by CPI.

All uplifted social rents will be limited by the rent cap.

Affordable rents will be increased by CPI+1%, with the charge capped at 80% of market rent inclusive of service charges.

4. Secure / Fair Rents

Fair rents relate to secure tenancies and/or tenancies that started before 15 January 1989. Fair rents can only be increased once every two years, and Leeds Federated must apply to the Fair Rent Registration service to do this.

Relets:
When a fair rent property is relet to a different customer, the new rent will be based on either the social rent or affordable rent level, depending on the previous rent type assigned to that property. Where there was no previous rent type, then a social rent will apply.

If a Leeds Federated customer with a fair rent agreement moves to another Leeds Federated property then the fair rent agreement moves with them to their new property.

Biennial Uplifts:
The Finance team are responsible for reviewing and resetting the rents every two years. The review dates are set in line with the date of the individual agreements, and not in line with the financial year.
Fair rents are to be set based on the lower of:

a) The ‘fair rent’ set by the Rent Officer
b) Formula rent + flexibility (subject to the rent cap)
c) The previous fair rent increased by CPI+1%

In the event that the Rent Officer approves a new rent greater than the rent Leeds Federated has applied for, we will apply the lower amount, i.e. the rent we applied for.

5. Intermediate Rents – Rent to Buy

Annual Uplifts:
Intermediate Rents on Rent to Buy properties are set at up to 80% of the market rent. These can be increased on the basis of market assessment, however Leeds Federated has opted to increase these in line with the CPI+1% formula. The annual uplifts will be calculated by the Finance Team.

Relets:
The Housing team are responsible for requesting the relet rents from the Finance team. Intermediate rents will be set via the Savills model and will be the higher of:

- 80% of market rent inclusive of service charges
- formula rent plus service charges

Please refer to the Home Ownership Policy for further information about this type of tenancy.

Unregulated Rents:

6. Shared Ownership Rents
Shared Ownership rents are charged on the unsold share of the property i.e. the share of the property that is still owned by Leeds Federated.

New homes acquired / developed:
New shared ownership rents will be set by the Development team in accordance with each lease agreement and percentage owned.
The initial rent must not exceed 3% of the capital value of the unsold equity at the point of sale, but Homes England encourages the average rents to be no more than 2.75%, and this is the approved rate used by Leeds Federated.

Resales / Staircasing:
If the shared owner buys a further share of the property, known as staircasing, the rent will be reduced and will be charged on the reduced share of property that is still owned by Leeds Federated.
The Development team are responsible for notifying the Finance team of any staircasing, and the Finance team are responsible for calculating the new rent amount.

Annual uplifts:
The annual increases will be calculated by the Finance team.
Rents are increased in accordance with the terms of each lease. The range of increases in Leeds Federated’s leases are:

a) Greater of 0.5% or Feb RPI+0.5%

b) Greater of 0.5% or Sept RPI+0.5%
c) Sept RPI
d) Dec RPI+4%
e) Dec RPI+3%
f) Greater of 5% or Nov RPI+2%
g) Sept CPI+1%

Any new shared ownership rents will be subject to an increase limit of CPI+1% in line with the October 2023 Shared Ownership Rents Reform policy.

7. Market Rents

Market rents are only reviewed upon relet.
The rents are assessed by the letting agent before each relet and the Housing team are responsible for reviewing these.

8. Student Management Agreements

The annual increase will be calculated by the Finance team in line with the agreed percentage uplift set out in the management agreement.

9. Commercial Rent Agreements

The annual increase will be calculated by the Finance team in line with the agreed percentage uplift set out in the lease / management agreement.

Key points for customers

Unless otherwise stated, social rents are normally increased on the first Monday in April, and Shared Ownership and Leasehold rents are increased on the 1st April each year. At least one calendar month's written notice will be given for any change to a customer's rent.

Any complaints from customers regarding rent setting and rent charges will follow the standard Leeds Federated Complaints Procedure.

Key points for colleagues

A Rent Setting Procedure document is held separately to this policy and is owned by the Finance team.

Customer rents are maintained by the Finance team within the Civica CX system and are viewable by the rest of the organisation in the Origin system.

This policy and the Rent Setting Procedure will be made available to all staff via OnePlace and will be communicated by the Leadership Team to all staff following Board approval.

Key points for board/committee members and the regulator

This policy is reviewed each November, and the business plan will be subject to immediate review in the event that the government announces a future approach to rents that is likely to have a material effect.

The Rent Setting Policy links to the following:

- Service Charge Policy which is reviewed annually by the Customer Experience Committee.
- Tenancy Policy which is reviewed every two years by the Customer Experience Committee.

- Income Management Policy which is reviewed every two years by the Customer Experience Committee.
- Data Management Policy and Data Asset Register which includes data owners across the business.

Policy updates

The Finance team is responsible for updating this policy and the Rent Setting Procedure.

Policy updated and approved January 2026. Next review due November 2026.