

Housing Corporation Circular

Number: 09/04	Date Issued: October 2004
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*Note: 'Housing association' is used as a generic term for registered social landlords.
'Corporation' means Housing Corporation.*

Title: Rents and Service Charges for housing associations

Summary: Sets the guideline limit for rent increases and rent cap levels for 2005/06 and illustrates previous levels.

This Circular Is For The Attention Of:

(tick to indicate which)

- v Registered Social Landlords; more than 250 properties
 - v Registered Social Landlords; less than 250 properties
 - v Co-ownership Societies
 - v Co-ownership Equity Sharing Societies
 - v Almshouse Charities
 - v Abbeyfield Societies
 - v Co-operatives
 - Local Authorities
 - Registered Social Landlords' Auditors
 - Registered Social Landlords' Solicitors
- **Relevant Legislation:** N/A
 - **Regulation and/or Policy Requirements:**
 - Housing Corporation Regulatory Code and Guidance
 - Circular 27/01 – Regulation
 - Circular 30/01 – Regulation
 - Circular 02/02 – Regulation
 - **This circular replaces circular number:** Circular 10/03 - Regulation

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1 Definitions

The value for RPI is the figure for the month of September preceding the year of assessment, based on the all items RPI.

2 Corporation Expectations and/or Policy

The regulatory requirements on rents state that housing associations should keep their annual rent increases to no more than the set guideline limit specified by the Corporation. The guideline limits for 2005/06 and the previous five years are set out in Table A on the next page.

The rent influencing regime is set out in circular 27/01-Regulation, which is relevant to the overall level of change to existing rents. Target rents, which are part of that regime, should also be increased by the guideline limit.

Circular 30/01 - Regulation includes Appendix H to the rent influencing regime guidance and sets out details of the rent cap applicable to properties by bedroom size. The caps increase each year by RPI + 1%. The rent cap increases for 2005/06, 2004/05 and 2003/04 are set out in Table B and the rent cap levels in Table C.

Associations should endeavour to keep increases in housing benefit eligible services charges to no more than the guideline limit.

Any changes to the rent restructuring framework as a result of the three year review and consultation undertaken by the Office of the Deputy Prime Minister, will be advised in a subsequent circular. However, the guideline limit will not be affected.

3 Assessing Compliance

The Corporation will use the guideline limit to assess whether a housing association meets the regulatory requirements which relate to rent increases.

4 Enquiries about this circular should be directed to:

the Financial Regulation team at the Housing Corporation on 0845 230 7000.

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TABLE A

YEAR	GUIDELINE LIMIT	ALL ITEMS RPI INCREASE AT PREVIOUS SEPTEMBER	GUIDELINE LIMIT FOR RENT INCREASES	MAXIMUM CHANGE TO INDIVIDUAL RENT
1/4/05 to 31/3/06	RPI + 0.5%	+3.1%	3.6%	3.6% plus or minus £2
1/4/04 to 31/3/05	RPI + 0.5%	+2.8%	3.3%	3.3% plus or minus £2
1/4/03 to 31/3/04	RPI + 0.5%	+1.7%	2.2%	2.2% plus or minus £2
1/4/02 to 31/3/03	RPI + 0.5%	+1.7%	2.2%	2.2% plus or minus £2
1/4/01 to 31/3/02	RPI + 1.0%	+3.3%	4.3%	4.3%
1/4/00 to 31/3/01	RPI + 1.0%	+1.1%	2.1%	2.1%

TABLE B

YEAR	RENT CAP INCREASE LIMIT	ALL ITEMS RPI INCREASE AT THE PREVIOUS SEPTEMBER	INCREASE IN RENT CAP LEVELS
1/4/05 to 31/3/06	RPI + 1.0%	+3.1%	4.1%
1/4/04 to 31/3/05	RPI + 1.0%	+2.8%	3.8%
1/4/03 to 31/3/04	RPI + 1.0%	+1.7%	2.7%

TABLE C

BEDROOM SIZE	RENT CAP IN 2005/06	RENT CAP IN 2004/05	RENT CAP IN 2003/04	RENT CAP IN 2002/03
Bedsit & one bedroom	£94.34	£90.62	£87.30	£85.00
Two bedroom	£99.87	£95.94	£92.43	£90.00
Three bedroom	£105.43	£101.28	£97.57	£95.00
Four or more bedrooms	£110.97	£106.60	£102.70	£100.00