

Rent Policy

Rent Policy 2026/27

Responsible Officer	Group Director Strategy, Insight and External Affairs
This policy is applicable to	Karbon Homes Group
Approved by	Group Board
Date approved	26 th January 2026
Frequency of review	Annually
Date of next review	Q4 2026
Implementation date	1 April 2026
Key related documents (policy, procedure, customer literature)	Rent Standard 2020 Policy statement on rents for social housing (DLUHC, December 2022)
Sources of best practice or guidance used in developing this policy	Rent Standard 2020

Version control			
Version number (see note 1)	Version 7.	January 2026	
Equality Impact Analysis (see note 2)			Affordability analysis undertaken separately, and section 10 of the policy sets out our approach on Equality and Diversity in more detail.
Privacy Impact Analysis (see note 2)			

Document change history		
Version	Date	Changed sections
2	23/09/2020	Section 3.7 added; previous section 4.3 removed. Date and end of document updated.
3	31/01/2022	Amendment to section 1.3. Clarifying text added at sections 3.5, 3.6, 3.7 and 7.2. Section 4.4-4.5 added. Sections 10 and 11, date and end of document updated.
4	30/01/2023	Amendments to sections 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 4.2, 4.3, 4.5, 5.3, 6.2, 7.2, 7.3, 7.5 and 9.2
5	04/01/2024	Amendments to sections 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 4.2, 4.3, 4.5, 5.2, 5.3, 6.2, 7.2, 7.3, 7.4 (paragraphs merged to remove 7.5) Original paragraph 3.4 deleted due to duplication later in policy. Original paragraphs 3.8 and 7.6 on supported housing deleted. Changes reflect reversion to CPI plus 1% formula rent increase from capped rent in previous year.
6	Jan 2025	Amendments to sections 3.2, 3.3, 3.4, 3.6, 3.7, 4.5, 6.2, 7.3 to reflect inflationary changes.

		3.4 to remove rent flexibility restriction and 3.5 to retain Board approval for application of rent flexibility in Byker only 3.6 insertion around alignment with formula rent ceiling
7	Jan 2026	Amendments to sections 3.2, 3.3, 3.4, 3.7, 3.8, 4.5, 6.2, 7.3 to reflect inflationary changes. Section 3.6 to reflect rent convergence approach. Section 3.5 to specify Group Board as consultative body for rent flexibility. <i>Section 3.6 updated following Group Board meeting to reflect the Government's announcement on rent convergence (£0 for 2026/27).</i>

Consultation	
Consultation Group (if applicable)	Karbon Management Team; Group Executive
Staff	Not Applicable
Union(s)	Not Applicable
Customers	Karbon Residents Committee
Human Resources / Organisation Development	Not Applicable
Health and Safety Working Group	Not Applicable
Other stakeholder (please state)	Not Applicable

Policy statement

A new Rent Standard was adopted from April 2020. This Rent Policy sets out how Karbon implements this Standard and includes how rents will be set for properties that are not regulated by the new Rent Standard.

Risk policy is designed to control

1. Financial Resilience
2. Compliance with Rent Standard

Key performance measures

Definitions

Rent Standard – the standard for the setting of rents published by the Regulator of Social Housing in response to the Government’s Policy Statement on Rents for Social Housing 2018.

Social rent – the rent charged for tenancies subject to Formula Rent, the prescribed method for calculating rents established through the Rent Restructuring Framework in 2001.

Fair rent – the rent charged for customers with a regulated or secure tenancy.

Affordable rent – a social rent tenure introduced in 2010 where tenancies are offered at rents of up to 80% of market rent levels within the local area.

Market rent – the amount of rent that can be expected for the use of a property, in comparison with similar properties in the same area.

[Rent convergence – the alignment of social rents that are below the formula rent level by applying rent increases over and above the inflationary increase set out in the Rent Standard.](#)

Rent Policy 2026/27

1.0 Purpose of policy

- 1.1. This policy sets out how Karbon Homes will set rents for our customers and the circumstances in which those rents may change.
- 1.2. It sets out how we apply the Rent Standard 2020 and comply with the legislation and regulation that governs how Housing Associations charge rents to their customers.
- 1.3. It also sets out how rents will be set for those properties that are not regulated by the Rent Standard 2020, such as those for which Intermediate Rent and Market Rent is charged, and for those homes that are Shared Ownership.

2.0 Objective

- 2.1 Karbon Homes is committed to providing as many good quality homes as we can. The rent that we charge must reflect the tenure of the property, the affordability of homes in the local area and the need to invest in new homes and existing properties.

3.0 Existing homes to which the Rent Standard 2020 applies

- 3.1 The rent that can be charged for most of our properties must meet the ‘Rent Standard 2020’ established by the Regulator of Social Housing.
- 3.2 This regulates the rents that can be charged for properties and sets maximum increases for rents for many types of tenancy which we will apply from rent periods beginning on or after 1 April each year as follows. This is CPI plus 1% based on September’s inflation rate. In 2025, the inflation rate was 3.8%.

Affordable Rent

- 3.3 Rents for properties with an Affordable Rent will increase by 4.8% inclusive of any rise in service charges. This means that if service charges increase by more than 4.8% the overall increase in Affordable Rent will be capped.

Social Rent

- 3.4 Rents for properties with a Social Rent will increase by 4.8% excluding any increase in service charges. This increase will be subject to a ceiling of Formula Rent, or:
- 3.4.1 105% of Formula Rent for general needs housing. Formula Rent is a method for calculating and comparing social rents and is based on the 1999 value of properties.
- 3.4.2 110% of Formula Rent for supported housing.
- 3.5 Application of Rent Flexibility in the former Byker Community Trust operating area will be subject to review and approval by Group Board at first application.
- 3.6 Where an existing Social Rent is below Formula rent (ie below 100% of the Formula Rent, rather than the relevant ceiling) an additional rent increase will apply so that these rents converge to their Formula Rent. This rent convergence mechanism has been confirmed by the UK Government and Karbon Group will apply rent convergence at the level permitted by the Government. For 2026/27 this will be £0 per week. Where an existing Social Rent is above the relevant Formula rent ceiling, as detailed in 3.4.1 and 3.4.2, the rent will increase by 3.8% (CPI only) or be aligned to the relevant Formula rent ceiling.

Fair Rents for Secure Tenancies

- 3.7 A small number of Karbon Homes customers have a Secure Tenancy where the rent is subject to fair rent protection. For these homes, the maximum weekly rent is the lower of the fair rent set by the Valuation Office Agency Rent Officer, and formula rent, which is subject to both the rent caps and the rent flexibility level. Should a re-calculation of the fair rent be requested any annual increase will be limited to 4.8% even if the Valuation Office Agency fair rent is higher.

4.0 Existing homes to which the Rent Standard 2020 does not apply

- 4.1 Some homes, and some customers, are not regulated by the Rent Standard 2020 and rents for these properties will be set as follows.

Market Rent & Student Housing

- 4.2 Rents for properties that are let on a Market Rent tenancy will increase in line with the tenancy agreement. We will consult local market appraisal systems to ensure that the rent level for our Market Rent homes is consistent with the local private sector market rent.

Shared Ownership

- 4.3 Rent increases for Shared Ownership homes is determined in the lease agreed between the customer and us.

Intermediate Rent

- 4.4 Intermediate Rent properties must be either:
- a. Sub-market accommodation that:
- Was provided without public assistance.
 - Has not previously been let at a Social or Affordable Rent.

- Is let on an Assured Shorthold Tenancy or licence to someone who was not nominated by an LA, or alternatively is let to someone who was nominated by an LA specifically to access intermediate rented housing.
- b. Provided with the benefit of public assistance under a funding programme specifically intended to support provision of intermediate rented accommodation.
- c. Keyworker housing

4.5 Rents for properties with an Intermediate Rent will increase by 4.8% each year inclusive of service charges. Intermediate Rents will be set at a level in keeping with any funding or planning obligations that apply.

5.0 Setting rents for new homes

5.1 Where we build or buy new homes, we will apply a consistent approach to setting the initial rent to be charged.

Affordable Rent

5.2 New properties with an Affordable Rent charge, let for this first time, will have their rent set at the lower of:

- Up to 80% of the Gross Market Rent established through a local market appraisal system, or should insufficient comparators be available, by an alternative method recognised by the Royal Institution of Chartered Surveyors (RICS); or
- the level established in any Section 106 agreement that applies.

Social Rent

5.3 New properties with a Social Rent charge, let for the first time will have their rent set at Formula Rent plus the relevant Rent Flexibility level as established by a method recognised by the Royal Institution of Chartered Surveyors (RICS) or at the level established in any Section 106 agreement that applies, whichever is lower.

Market Rent

5.4 New properties let at Market Rent will have rent set at 100% of the Market Rent established through a local market appraisal system, or should insufficient comparators be available, by an alternative method recognised by the Royal Institution of Chartered Surveyors (RICS).

6.0 Setting rents for properties that are not homes

6.1 We lease a number of properties to customer that are not homes. This rent policy will apply to those properties as follows.

Garages

6.2 The rent charged for garages will increase by CPI as at September 2025 plus 1% exclusive of VAT where applicable. From April 2025 that will mean an increase of 4.8%.

Commercial

6.3 The rent charged for commercial properties is determined by their lease.

7.0 Resetting rents at the start of a new tenancy

7.1 We will reset the rent chargeable for our homes each time they are re-let as follows, subject to a minimum period of six months since the last time the rent was reset:

Affordable Rent

7.2 The rent for a property with an Affordable Rent charge will be reset at up to 80% of the gross Market Rent; or at the level established in any Section 106 agreement that applies (whichever is lower) in accordance with section 5.2 of this Policy.

7.3 Where an Affordable Rent is lower than Formula Rent for a property then rent will be set as at 7.4 below and be exclusive of service charges. Where a property is re-let to an existing tenant any increase will be capped at 4.8%.

Social Rent

7.4 The rent for a property with a Social Rent charge will be set at relet to the Formula Rent as detailed at section 3.4 of this Policy.

Market Rent

7.5 Homes let on a Market Rent tenancy will be reset at 100% of the Market Rent established through a local market appraisal system, or should insufficient comparators be available, by an alternative method recognised by the Royal Institution of Chartered Surveyors (RICS).

8.0 Revaluation

8.1 When a new valuation is required in order to establish the correct Formula Rent, Affordable Rent or Market Rent, we will follow the guidelines set out in the MHCLG 'Policy Statement on Rents for Social Housing' published in 2019.

9.0 Affordability

9.1 We are committed to ensuring our homes are affordable and that they meet the needs of the people and communities in which we operate.

9.2 We will monitor annually the rent charged for our properties and produce a report for the Karbon Group Board and our Residents' Committee that details how our homes compare to the following measures of affordability:

- Local Housing Allowance
- 80% of Market Rent threshold
- 30% of 30th percentile of local earnings

9.3 This will inform how we will set our rents in the future and may see some homes' rent reduced, frozen or increased at a slower rate than we are permitted to do.

10.0 Equality and Diversity

10.1 This policy is applied in line with Karbon's Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

- 10.2 However, we like to go even further. Beyond these protected characteristics we also take into consideration additional factors such as socio-economic status and language barriers which may also play a part. Our vision is for everyone to be treated fairly, have equality of opportunities, freedom, respect and access to our services.
- 10.3 To help us achieve this, we will work to improve accessibility for all, offering reasonable adjustments, adaptations and discussing ways that we can work to remove any barriers. A reasonable adjustment involves making a change to the way that we usually do things.
- 10.4 All of our customer policies and key information are made available on the Karbon Homes website. Reasonable adjustments that can help for example to make our information and services more accessible are sign language and language interpreters. We will work to improve accessibility for everybody that we deal with offering reasonable adjustments, adaptations and discussing ways that we can work to remove barriers that you may experience. A reasonable adjustment involves making a change to the way that we usually do things.
- 10.5 We work together to look at options and agree what adjustments would be reasonable in your individual circumstances. If you would like to find out more, please get in touch with the team.

11.0 Data Protection and Privacy

- 11.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the General Data Protection Regulation. This is clearly set out in the Data Protection Policy for the Karbon Homes Group which in association with the Data Protection Procedures must be followed throughout the operation of this policy.

Karbon Homes
January 2026