

Grainger Trust Limited ('GT') Rent and Service Charge Policy

February 2025

1. Introduction

Grainger Trust Ltd is the wholly owned affordable housing arm of Grainger Plc. We provide affordable housing of three different tenures – affordable rent, discount market rent and Shared Ownership (an affordable home ownership option).

This policy sets out how Grainger Trust will comply with the rent setting framework laid out by the Regulator for Social Housing including the new Rent Standard introduced in April 2020 when determining its rents. This policy also ensures that rents are set in a fair way, which our residents can understand.

2. Scope

This policy applies to all rental accommodation owned by Grainger Trust, including:

- Social Rent
- Affordable Rent
- Shared Ownership
- Discounted Market Rent

This policy does not apply to Shared Owners who have staircased to 100% and continue to be leaseholders or have purchased the Freehold their home. This policy must be followed by all Grainger Trust staff and those working on behalf of Grainger Trust.

3. Aims

This policy will enable Grainger Trust to:

- Set rents in a fair and transparent manner
- Meet applicable s106 covenants relating to rent levels
- Comply with the Regulator of Social Housing's Rent Standard

4. Social Rent

Grainger Trust does not currently own any Social Rent properties, but the below sets out our approach to rent setting for this tenure in the case of any future provision.

Initial Rent (Rent Setting)

The initial rent for Social Rent properties will be set at 'Formula Rent'. Formula rent is defined in the Rent Standard and RSH's Rent Policy Statement. The calculation is derived from a combination of property values (as at January

1999), local earnings and property size.

Rent Review

The rent for properties will be reviewed annually on the anniversary of the start date (the term date) and rents will be increased by CPI + 1%. In line with the Rent Standard, this will be calculated as at the previous September meaning that the figure from September 2021 for example will be used for reviews from April 22 – March 23.

Reletting

When a property is let to a new tenant the rent will be at the level determined by the formula, with any rent reduction or rent increase that has been accrued since the property was first let.

Service Charges

Service charges will be charged in addition to rent. Service charges will be limited to covering the cost of providing services and the services covered will be set out in tenants tenancy agreements, and in billing information.

5. Affordable Rent

Initial Rent (Rent Setting)

Rents for Affordable Rent will be set at no more than 80% of Market Rent. For many of our Affordable Rent properties, s106 (planning) agreements further limit the amount of rent that can be charged. To set rents we will first establish the Market Rental rate using biannual RICS valuations carried out on a representative sample of our properties by an independent valuer. This is in line with the requirements of the Rent Standard.

Once we have established the current Market Rental rate for the property we will use the lower of either 80% of Market Rent or the s106 rent (if applicable).

Reletting

When a property is relet to a new tenant the rent will be set anew using the same principle laid out at Affordable Rent - Initial Rent above.

When a property is being relet to the same tenant (i.e. after a fixed tenancy expiry) the passing rent during the last year of the previous tenancy will be increased in line with CPI +1%. This will reflect the principles laid out at Affordable Rent - Rent Review above and mimic the rent protection of a longer term tenancy.

Service Charges

Grainger Trust Affordable Rents will be inclusive of Service Charge.

6. Discount Market Rent (Intermediate Rent)

These rents will be set between a range of 50-80% of Market Rents with the level being set in line with the requirements of any relevant s.106 (planning) agreement or other agreements that may be in place with the nominating Local Authority or the GLA.

Rent Setting

Rent will be set at no more than 80% of the open Market Rental Value with deference to any further downward restrictions contained within s.106 or other nomination agreements. To set rents we will first establish the Market Rental rate using biannual RICS valuations carried out on a representative sample of our properties by an independent valuer.

Rent Review

The rent for properties will be reviewed annually on the anniversary of the tenancy start date. Unless otherwise stated in the tenancy agreement, a rent increase of no more than CPI + 1% will be applied.

Reletting

When a property is relet to a new tenant the rent will be set anew using the same principle laid out at Discount Market Rent – Rent Setting above.

When a property is being relet to the same tenant (i.e. after a fixed tenancy expiry) the rent will also be set anew using the same principle laid out at Discount Market Rent – Rent Setting above.

Service Charges

All Grainger Trust Discount Market Rents are inclusive of Service Charges.

7. Shared Ownership

Rent Setting

Rents are set in the initial lease at 2.75% of the value of the share that the Shared Owner has not purchased. This is set using the Market Value of the property which is the full Freehold value used to set the sale price.

Rent Review

The rent for Shared Ownership units will be reviewed annually on the anniversary of the lease start date and a rent increase applied in line with the lease terms. Currently our standard lease template applies a sector standard increase of RPI + 0.5% per annum but in the event of a conflict between this policy and the lease terms, the lease terms will prevail.

Staircasing

When a Shared Owner staircases (purchases an additional share in the property) the rent will be recalculated. The new rent will be 2.75% of the value of the proportion that they do not own after the staircasing transaction has completed, using the original Freehold valuation used to set the rent at the initial purchase by that Shared Owner.

Shared Ownership Resales

When a Shared Ownership property is sold on (a resale) the seller has to procure an RICS valuation from an independent valuer to set the sale price. This valuation will then also be used to set the rent payable by the purchaser. The purchaser's new rent will be calculated as 2.75% of the value of the property that they do not own after the property sale has been completed.

Service Charges

All Grainger Trust Shared Ownership rents are exclusive of block Service Charges. Service Charges are administered separately for blocks and covered by relevant legislation. Services charges will be administered using fixed costs.

Estate Management Charges

In some cases there are Estate Management Charges levied against Grainger Trust properties by third parties. Where this is the case for a Shared Ownership property, the lease terms allow for Grainger Trust to recharge these to the Shared Owners. In some cases the relationship is held directly between the Estate Management Company and the Shared Owner and so Grainger Trust does not affect a recharge.

8. Financial Hardship

Grainger Trust staff are empowered to assist with solutions and signposting to third parties in the event of financial hardship. Any resident who is struggling to afford the rent or is concerned about the impact of a rent review should get in touch with the Grainger Trust management team or their Credit Controller.

Shared Owners in significant financial hardship should request a copy of our Exception Circumstances and Buy Back Policy.

9. Review

This policy will be reviewed after 3 years or sooner, subject to a change in relevant legislation.

Document Owner and Approval

The Head of Grainger Trust is the owner of this document and is responsible for ensuring that this procedure is reviewed in line with the review requirements of Data Protection.

A current version of this document is available to all members of staff on the corporate intranet.

Document History

Policy Owner	Head of Grainger Trust
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