



## Social rent and rent flexibility

**Changes to government policy mean that Connexus can apply a small % increase, known as rent flexibility, on social rents, when the properties are let to new tenants.**

In order to ensure that any increase is fairly applied, we want to hear your views on our proposals for when we may charge more to new tenants.

### When would Connexus apply rent flexibility?

We propose that we may apply rent flexibility when a social rent property is let to a new tenant, based on the following:

- The rent the previous tenant was paying is less than the formula rent
- When the property is less than 3 years old
- When Connexus has carried out significant work during the time the property was empty

### What is formula rent?

Formula rent is based on the value of the property, local income levels and the size of the property.

Formula rent is typically set at 60% of the amount that the property would be let at if it were rented out by a private landlord.

### Does this mean a rent increase?

If you are an existing customer, rent flexibility will not affect you whilst you stay in your current home.

However, if you are looking to move to another property, it may affect you as explained below.

### Why would Connexus apply this rent flexibility to a property?

Connexus reinvests any surplus income into new and existing homes and into our communities. For example: building new affordable homes, keeping our estates clean, improving our existing homes, supporting community projects and improving our open and green spaces. We want to ensure that we are renting our properties at a fair price, while ensuring we can keep reinvesting in our homes and communities.

03332 31 32 33 | [connexus-group.co.uk](http://connexus-group.co.uk) | [hello@connexus-group.co.uk](mailto:hello@connexus-group.co.uk) | @weareconnexus



A review of current rent data for Connexus shows that for some social rent properties we are charging below formula rent and effectively undercharging for our properties. This reduces our income and therefore the money we have to reinvest.

We also spend a significant amount of money investing in the refurbishment of properties to provide homes in rural communities and building new homes in areas where customers want to live.

In all circumstances, social rents will not be set higher than formula rent plus 5%/10%. The rent would still be subject to a rent cap set by the Rent Policy Statement so that the properties remain affordable.

Some organisations have chosen to apply this increase to all new social rent tenancies, but Connexus has not. We have limited the application of rent flexibility to the two reasons above. We will base the decision on a clear rationale to take into account local circumstances and affordability.

However, before we apply this rent flexibility; we want your feedback to help Connexus

- define the rationale for applying the increase
- agree what constitutes significant works

## **The rationale**

Connexus will base the decision to apply rent flexibility on a clear rationale that takes into account local circumstances and affordability. We want your input before we confirm what that rationale is. Click on [Make a Response](#) to choose which of the below you feel are applicable:

- The property is in an area where there is a local demand for homes
- Refurbishing the property ensures that we maintain properties within our rural communities
- Connexus has carried out significant refurbishment work whilst the property was empty
- By applying rent flexibility we would not prejudice against low income families from the area
- The property meets our corporate objective to provide affordable homes in rural communities
- It would not be more cost effective to redevelop the property/properties
- The properties have been subject to a strict review of the benefits to keep and renovate the property over the benefits of selling it



- The work to refurbish the property/properties has not been funded, even partly, by a grant
- Rent flexibility, if applied, will be capped at Local Housing Allowance or 80% Market Rent, whichever is the lower
- The rent will not be more than formula rent plus 5%/10%
- Other – please list anything else you feel we should include

## Significant work

We have not yet defined what significant work is. However, we can confirm that we do not consider it to be the work we carry out as part of our planned replacement programme i.e. a replacement kitchen, bathroom, windows, doors or heating systems.

In addition, if Connexus has received a grant to carry out the significant improvement works, then the property will be exempt from rent flexibility.

Click on [Make a Response](#) to confirm which of the below you think is significant work

- Insulation work to the whole property
- Damp proofing – completely replacing the ground floor of a property
- Structural work
- Internal redesign e.g moving a bathroom upstairs
- Major garden/landscaping works
- Replastered throughout
- Heating system upgrade (eg. Electric/solid fuel to renewable heating/Quantum heaters)
- Rewiring with improvements e.g.additional sockets throughout
- Parking space within the property boundary/off road parking
- Cost of refurbishment exceeds £25,000
- Other - please list any other work you would think fits into significant work

## What if you do work to my home, whilst I am a tenant?

We will continue to carry out our programme of upgrades to homes and we will not apply any rent flexibility to existing tenants.

If we identify other significant works that we need to do to your home, again, we will carry out this work and it will not affect your rent.

In both circumstances, if you were to move out within 3 years, Connexus may charge a higher rent to the **new** tenant who moves into the home.