Date published: November 2026

Rent Policy

Policy summary
This policy explains how Orbit sets out the principles around the approach to rent setting and rent review within Orbit. The policy should be read in conjunction with the following procedures stated in the 'Other documents that support this policy' section. • It applies to affordable rent, social rent, supported rent, fair rent, intermediate rent, shared ownership and supported specialized housing. • Exclusions or out of scope – homeowners, garages, car parking spaces, commercial, private market rented. • The term "Orbit" means Orbit Group which consists of Orbit Group Limited, Orbit Housing Association Limited, Orbit Homes (2020) Limited, Orbit Treasury Limited and Orbit Capital Plc.

1. Introduction

1.1 This Policy outlines and provides clarity on Orbit's approach to setting and reviewing rents. It links to Orbit's mission statement of building communities. It ensures compliance with the Regulator of Social Housing (RSH) Rent Standard 2026, effective from April 2026 and other relevant legislation (Appendix 1). This policy excludes the setting and review of commercial rents (those not covered by regulation), including garages and private rented homes.

2. Policy Statement

2.1 Orbit is committed to providing social and affordable housing at rents that:

- Are affordable
- Ensures and maintains Orbit's financial viability
- Ensures provision of high-quality housing management and repairs services
- Maintains demand for homes
- Comply with all relevant legislation and regulation

2.2 The approach to rent setting and review is dependent on the tenancy type, any particulars within the individual tenancy agreement and / or lease and the relevant regulation and legislation.

2.3 We will consult with customers before making any changes to this policy.

3. Rent setting

3.1 **Social rent** - Orbit operates within the Rent Standard, and any future standards as issued by the RSH under the Housing and Regeneration Act 2008 and relevant Directions from the Secretary of State for Housing, Communities and Local Government. Social rents are calculated using the formula as set out in the 'Policy statement on rents for social housing 2026' (the Rent Guidance), specified by the Rent Standard and are based on a combination of property values, local earnings, and property size. Social rents are charged exclusive of service charges.

3.2 The Rent Standard allows flexibility of setting rents to a maximum of 10% above the formula rent in the case of supported housing, including Extra Care, sheltered and those supported properties with a managing agent where Orbit is the landlord. We will use the maximum 10% flexibility for new schemes and up to 10% for existing schemes, balancing the need to maximise our income with the ongoing demand and affordability of our schemes.

3.3 The Rent Standard allows providers the flexibility of setting rents to a maximum of 5% above formula rent. On setting a rent, social rent + service charge will be compared against 80% of market rent and the applicable Local Housing Allowance (LHA) rate. Flexibility will be implemented in the range of 5% - 0% to the social rent formula dependent on this comparison, to ensure affordability in the local market. Flexibility will not be applied where the formula rent (including service charges) would exceed 80% of market rents or the applicable LHA rate.

3.4 New Social Rents cannot be set at a level that exceeds the rent cap levels, which are set and published in the Rent Guidance and adjusted by CPI +1.5% annually.

3.5 **Affordable rent** - Affordable Rents fall within the definition of social housing but are not calculated in the same way as formula rents. Orbit will set Affordable Rents (initially and on re-letting) using market rent valuations in accordance with a Royal Institution of Chartered Surveyors (RICS) recognised method as stipulated by the RSH.

3.6 An Affordable Rent cannot exceed, at the time of letting, 80% (including service charges) of market rent valuation for an equivalent property of that size and location unless the Social Rent level for that property would be higher in which case the Social Rent level will be applied.

3.7 Orbit may choose to cap rent levels at a level less than 80% of market rent, including those on new developments and through negotiation with local authorities, the Greater London Authority and Homes England. Adherence to rent setting requirements as set out in S106 agreements will be maintained.

3.8 It is Orbit's policy to cap affordable rents at LHA rates.

3.9 The highest LHA rate is for 4 bedrooms or over and there is no separate rate for 5- and 6-bedroom houses. Unless there are specific S106 requirements, we will apply a 10% gap [subject to rounding] in rents between 4- and 5-bedroom homes and 5- and 6-bedroom homes, whilst adhering to the 80% market rent maximum.

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Fixed term tenancies will be reviewed against the maximum of 80% of current market valuation and LHA Cap at time of tenancy renewal. The rent may be reduced at this stage but cannot be increased. Increases are restricted to once a year at annual review as per the Rent Standard.

3.10 To test against ongoing affordability and the local market, Affordable Assured tenancies will be reviewed at the first annual review following each 5 year interval from the anniversary of the tenancy start date. They will be compared / reset in line with affordable fixed term tenancies as 3.10 and where the rent review figure is greater than 80% of the market value, the rent will be decreased to this level. This will provide parity with those customers on affordable fixed term tenancies.

3.11 **Registered (fair) rent** - Registered Rents apply to secure tenancies entered into agreement before 15 January 1989. Registered Rents are registered by the Rent Officer (part of the Valuation Office) every two years. A registered Fair Rent acts as a maximum charge for the property where there is a secure tenancy in place.

3.12 **Shared ownership** - Shared Ownership Rents will be set in accordance with the individual lease, based on the initial open market valuation. Where an element of grant has been used, the gross rent at commencement of the lease is determined by the guidelines as set out in the Capital Funding Guide (CFG). The CFG recommends this is capped at 2.75% of unsold equity (as opposed to the maximum allowed 3%). It is Orbit's policy to set at 2.75%.

3.13 **Intermediate rented** - For intermediate rents, which currently includes our Rent to Homebuy and London Living Rent properties, rents are a maximum of 80% of the market rental valuation and include service charges. London Living Rents are set at the rate provided by the GLA and checked against the 80% market rental valuation and reduced to this if lower. They are reviewed in accordance with the tenancy agreement. These rents are not subject to the Rent Standard.

3.14 **Specialised supported housing** – Rents will be set at a level consistent with the definition of Specialised Supported Housing in the Rent Guidance that is: below the market rent, suitable for the property and the services provided and is sustainable having regard to the costs of the accommodation and the benefit levels available.

4. Rent reviews

4.1 Orbit will review rents on an annual basis and customers will be informed in writing of any changes to their rent and how it has been calculated.

4.2 A contractual rent review will be applied to new General Needs and Supported tenancies and licences in the April following the start date, where the tenancy agreement allows. Affordable rents commencing for new tenancies from 1st of January to the last day before April rent review each year, will not receive an April increase in their first year of tenancy.

4.3 The exception to 4.2 applies to Affordable Fixed Term tenancies, where the review of tenancy takes place between January and last date prior to rent review and as the new rent cannot be increased at this time, there will be a contractual increase in April.

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4.4 Customers will be given a minimum of 28 days' notice prior to any changes taking effect, except where the rent is to be reduced or where the increase is set out as a contractual term in the tenancy agreement.

4.5 Following the introduction of the Rent Standard 2020 and cessation of the requirements for rent reduction under the Welfare Reform and Work Act 2016, Registered Providers (RP's) can increase rents by (maximum) CPI (Sept) + 1%. However, it should be noted there is not an expectation that rents automatically be increased to the maximum level. Where any rent is currently above formula rent/rent cap level the increase will be CPI (Sept) only as per Rent Standard requirements.

4.6 The potential annual increase (CPI + 1%) will be reviewed each October by CPLT, ET, OHAL and then Group Board for final approval in December to determine what level of increases will be implemented in the following April rent review. We will consult with customers and consider the local market context and benefit levels when setting and reviewing rents. This is to ensure the balance between affordability and business viability is maintained.

4.7 The Rent Standard 2026 introduced convergence for those social rent properties that are charging under formula rent at 0% flexibility. From April 2027 this is an increase of £1 over September CPI +1%, and £2 over September CPI+1% from April 2028.

Where the Regulator or the Government make additional ad-hoc stipulations to the current Rent Standard we will ensure we also follow these instructions.

4.8 Registered (Fair) Rent Properties:

4.8.1 Orbit will seek to ensure that Registered Rents for relevant properties are updated regularly.

4.8.2 Where the Registered Rent (inclusive of service or other charges) is lower than the rent level (and relevant service and other charges) after applying the increase assessed in accordance with the above process then (subject to appeal) the rent will be set at the Registered Rent level.

4.8.3 Where the Registered Rent (inclusive of service or other charges) is higher than the rent level (and relevant service and other charges) after applying the increase assessed in accordance with the above process then the assessed rent level will be charged. Where possible increases will be made each year even though the Registered Rent will only be revised every other year

4.8.4 Where the rent charge is below both formula rent at 0% flexibility and the Registered Rent amount, convergence will apply as per 4.7

4.9 Intermediate Rented housing

4.9.1 Rents for Intermediate Rented housing are increased under the terms of the individual tenancy. Where there are no other specific provisions, the policy is to increase rents by

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RPI each year. Currently London Living Rents are subject to a Sept CPI increase only and Rent to Homebuy are subject to a Sept CPI plus 1% increase. All of these are subject to an annual review of affordability by CPLT, ET, OHAL and Group Board.

4.10 Shared Ownership

4.10.1 Rents for shared ownership properties are increased under the terms of the individual lease. This is usually a simple calculation by reference to the retail prices index (RPI) for the month which is stated in the individual lease and may be subject to additional increase where the lease allows.

5. Fair Rent Appeals

5.1 In the case of Fair Rent Registrations, we will make an appeal to the Rent Officer in the following circumstances:

- Where the total rent registered is more than £5.00 per week below the amount we have applied for.
- Where the registered service charge budget difference is 10% less than that applied for, we will review whether to appeal. This is based on whether the deduction erodes our recovery of service charge provision costs.

5.2 Where the customer appeals against an assured or other rent calculated by us, whether Fair or Assured rent or service charge, the relevant officer will coordinate a response and arrange attendance at the First Tier Tribunal meeting where appropriate.

6. Data retention

6.1 All data will be retained according to Orbit's Data Retention Schedule outlined in the Record Management policy and procedure. This will be for at least a minimum of 6 years.

7. Monitoring, compliance and performance

7.1 Compliance with this policy will be monitored by Head of Empty Homes and Lettings (Senior Rents Compliance Officer) and Audit.

- 100% of rents set by the Rents Compliance team will be internally audited by the Rents Compliance team to check for accuracy.
- Internal Audit will carry out yearly assurance check in years when there is no main internal audit.
- Senior Rents Compliance Officer will be responsible for monitoring the impact on Orbit's income of rent flexibility (general needs), 5- and 6-bedroom affordable rents variance to LHA rates and the 5 yearly review of Assured Affordable tenancy rents to inform our further decisions.
- The impact of rent on demand for housing and affordability will be monitored by the Head of Empty Homes and Lettings in conjunction with the Senior Rents Compliance Officer.

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8. Reasonable adjustments

8.1 The **Equality Act 2010** says that everyone should have a fair chance, and that extra help must be given to people with disabilities when needed — this is called making reasonable adjustments.

However, our approach goes beyond this minimum legal requirement. Wherever possible, we will consider and provide reasonable adjustments for any customer who requests a reasonable adjustment or where a need has been identified, regardless of formal disability status. This reflects our belief that **all customers should feel valued, respected, and supported**. In this section, reasonable adjustments relate to how we communicate with customers and enable them to access our services. They do not include reducing rent or changing how rent is calculated. Rent is set and reviewed separately under sections 3 and 4 of this policy, in line with the relevant regulatory and legal requirements.

8.2 For further information on reasonable adjustments please refer to **the Additional Assistance and Reasonable Adjustment policy.**

9. Complaints and appeals

9.1 Complaints regarding the initial rent setting of an account will fall under Orbit's internal complaint procedure.

9.2 At rent review, those customers who receive a 'Form 4' enclosed with the rent review letter can appeal the rent increase to the First Tier Tribunal (Property Chamber). If the Tribunal sets a rent above the rent assessed in accordance with this policy the policy rent will continue to be applied. If the Tribunal sets a lower rent that will be applied.

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Other documents that support this policy
• Allocations and Lettings procedure • Mutual Exchange policy and procedure • Reviewing Tenancies procedure
Legislation and regulations that apply to this policy
• Rent Act 1977 • Housing Act 1985 • Housing Act 1988 • Rent Standard 2026

All Orbit policies and procedures are developed in line with our approach to the following, data protection statement, equality diversity and inclusion (EDI) approach, complaints and customer care policy and our regulatory and legal obligations to ensure we deliver services in a lawful manner and treat people equally and fairly. Orbit's privacy policy can be accessed on our website www.orbitcustomerhub.org.uk/publications/policies/
Homes England Capital Funding Guide has been checked for implications on this policy n/a
Equality analysis was completed in March 2023 and reviewed in October 2026
Data protection impact assessment completed December 2024 and reviewed in October 2026
Document Author (name and job title): Guy Butler - Senior Rents Compliance Officer
Document Sponsor (name and job title): Kath Buxton – Director of Housing Services
Orbit will carry out a full review of this policy every three years subject to legal, regulatory changes or as agreed by our policy review programme
Next review date: November 2029

Document control and revision history

Version	Date published	Approved by (name and job title)	Details (include revisions and extensions)
v1.0	March 2020	ET	Revised to be compliant with legislation
V1.1	March 2023	Louise Palese – Director of Customer Operations	Minor changes
V1.2	Dec 2024	Kath Buxton – Director of Customer Operations	Minor changes to: 4.6 and 4.8.1 to include CPLT, ET, OHAL and Group Board, 4.6 - removal of prior to the determinations being made in section 4.6 4.10 - addition of social housing to section 7.1 – Job title changed to Head of Empty Homes and Lettings and change to the internal auditing checks
V1.3	Nov 2026	Kath Buxton – Director of Housing Services	Policy transferred to the current template and content reorganised and numbered into sections 1–10. Existing rent-setting provisions are now numbered 3.1–3.14 and rent-review provisions 4.1–4.11, with nested numbering added at 4.8.1–4.8.4, 4.9.1 and 4.10.1; later sections have been renumbered, including Appeals (5), Data

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			retention (6) and Monitoring, compliance and performance (7). New template sections 8–10 have been added for Reasonable adjustments, Roles and responsibilities, and Complaints and appeals. Rent Standard references have been updated from 2020 to 2026. New convergence provisions have been added at 4.7 and 4.8.4. The LHA cap reference in 3.10 and the former social housing rent-removal of section 4.11

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