

Rent restructure – bringing all social landlords in line with each other

Until recently, landlords in different areas have all used slightly different ways to set their rents. This means it has not always been possible to compare the rents of different landlords.

For example, some council tenants are paying a third or more rent than tenants of similar properties in neighbouring council areas. And in some areas, housing association tenants pay half as much rent again when compared to a council tenant for a similar size home.

Table 1: Average rents in London

	2003-2004	2004-2005
Average council rent from all London Boroughs	£65.36	£66.45
Average Barking and Dagenham rent	£58.43	£60.65*

*** We have the third lowest council rent in London**

This situation is confusing and unfair. It can restrict a tenant's choice in the size, condition and location of their home.

To solve this problem, the Government has produced a formula, which must be applied to all rents so that everyone's rent is calculated the same way. This process, known as 'rent restructuring', and will take 10 years to bring all landlords in line with each other.

To make sure that tenants do not face a large increase, the Government has limited the amount that a rent can be raised in any one-year to the **rate of inflation plus ½% plus or minus £2**.

So, for example, if your rent is £60 per week, and inflation is 2% the most your rent would go up is £3.50 a week.

If your rent is above the level it needs to be, it won't drop to the new level immediately. It will either fall slowly or go up by less than the rate of inflation, so that you can continue to receive a good level of service.

Service charges – separating them from your rent

The Government has also issued guidance to all councils on separating service charges from rent.

Service charges are usually for extra services which may not be provided to every tenant, or are for communal areas rather than a particular home.

At present, some charges, such as caretaking are included in your rent, however under the new guidelines these (and other services) will be separated.

Different tenants may receive different services, depending on their property. Therefore, this separation of charges will allow tenants to see exactly what they are getting for their money. Their 'total rent' will consist of a 'core rent'* (the basic cost for that property) and 'service charges' which will consist of any services that they receive and outline an individual cost for each service. This means that every tenants 'total rent' will be based on services that they are actually receiving.

* Your 'core' rent is the charge you pay for your home. On your statements and any correspondence from us this may appear as your 'net rent'.

We will be introducing this 'separation of charges' from April 2005. Again any increases which we apply to tenants charges will be in line with the Government formula. To begin with the charges which will be separated include **door entry systems, caretaking and grounds maintenance.**

Service Type	Date of separation
Concierge	April 2003
CCTV schemes	May be considered in the future
TV Aerial / Cable Service	August 2004
Dog Patrol (as applicable)	Dec 2004
Door entry system	April 2005
Caretaker Service	April 2005
Grounds maintenance (Amenity Greens)	April 2005
Window cleaning	May be considered in the future
Bulk rubbish collection	May be considered in the future

Will I be charged for services that I do not receive?

NO. You will only be charged for services that you do receive.

If I already receive extra services will I have to pay more?

NO. In showing service charges separately the total you pay will not increase. It will only allow you to see each cost separately.

When will these new charges begin?

The separation of charges will start from April 2005. Before this date you will receive a **Notice of rent** letter which will outline which services you receive and their cost.

Do I have to pay for the service charges separately?

NO. The service charges are only being shown separately to make clear exactly what services you are receiving, and help show where your money is going. **You will continue to make only one rent payment.**

Will this affect my Housing Benefit?

NO. Your Housing Benefit will be automatically reassessed taking into account any changes to your rent. Housing Benefit will continue to cover both your 'core rent' and any service charges.**

If you have any more questions please contact your local area housing office or the Housing Benefit department:

Becontree area office 020 8227 5040

Barking area office 020 8227 3889

Dagenham area office 020 8227 2738

Housing Benefit 020 8227 2970

** Charges which are currently separate from your rent such as heating and hot water will continue to be excluded from housing benefit payments.