



## **RENT POLICY**

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## **INTRODUCTION**

1. This policy relates to the approach Northern Ireland Co-Ownership Housing Association Limited (Co-Ownership) has to setting the rents due being (i) the initial rent charged under the equity sharing lease with its leaseholders (ii) implementing rent increases (iii) establishing the rent adjustment when a leaseholder buys out a share in the property from Co-Ownership.

## **PURPOSE OF THE POLICY**

2. The purpose of this policy is to outline the approach which Co-Ownership takes in relation to setting the rents at each of the stages outlined in clause 1 above.

## **SCOPE OF POLICY**

3. This policy applies to all equity sharing leases granted by Co-Ownership whether under its Co-Own or Co-Own for Over 55s products.

## **OBJECTIVES**

4. The objectives of this policy is to establish a framework in connection with rent setting by Co-Ownership.

## **LEGAL FRAMEWORK**

5. Co-Ownership is required to comply with the requirements under the equity sharing leases entered into with its customers and to comply with any relevant legislation including the Housing (NI) Order 1992, in particular article 8.

## **MAIN PRINCIPLES**

6. This policy outlines the main principles involved in rent setting by Co-Ownership.

## **ROLES AND RESPONSIBILITIES**

7. The Board has the responsibility for this rent setting policy and determining the rent due by Co-Ownership leaseholders in accordance with this policy.

## **CO-OWNERSHIP'S POLICY IN ASSESSING ITS RENTS**

8. Before 12 January 2023 the Department for Communities (DFC) set the rent charged by Co-Ownership leaseholders under its equity sharing leases. This involved setting the

initial rent, the annual rent increase and the rent to be charged if a leaseholder bought out a further share in the property.

9. On 20 December 2022 the DFC indicated that as the amendment to article 8 of the Housing (NI) Order 1992 (by article 140 of the Housing (NI) Order 2003) extends the power granted to Housing Associations and provides authority for Co-Ownership to fix the amount of rent to be charged under a tenancy by way of an equity sharing lease, whenever granted and accordingly, and indicated that Co-Ownership will be required to review its own rents on its products as set out in the Housing (NI) Order 1992.
10. Co-Ownership has now assumed responsibility for the calculation of rent going forward.
11. Co-Ownership has taken into account relevant housing and market conditions in arriving at this rent policy and the rents charged to Co-Ownership leaseholders shall be as follows (coming into operation with immediate effect):

## **a. Initial rent**

The monthly rent to be charged for accommodation under an equity sharing lease on or after 1 April 1993 shall be calculated as follows:

Capital value of the property at time of purchase by Co-Ownership x the percentage of equity held by Co-Ownership x  $X/100$  x  $1/12$ .

Where X is a number. Currently  $X = 2.5$ . This number will be subject to review annually.

The annual initial rent will be stated in the equity sharing lease between Co-Ownership and the leaseholder.

## **b. Rent review**

All leaseholders of Co-Ownership under an equity sharing lease whenever granted shall have their rents increased from 1 April each year. The amount of the increase applied each April shall be the increase in the Consumer Prices Index including owner occupiers' housing costs (CPIH) published by the Office for National Statistics for the immediately preceding October (the CPIH figure). No rent change shall be applied where this figure is less than zero percent. In exceptional circumstances

where the CPIH figure is zero percent or greater then the rate of the rent increase applied may be different to the CPIH figure but not higher than the CPIH figure.

Any rent increase shall be communicated by Co-Ownership to the leaseholder in accordance with the terms of the equity sharing lease between the parties.

The amount of any rent increase shall be communicated by Co-Ownership to the Department for Communities (or its successors).

**c. Rent on purchase of a further tranche of equity in the property**

Where a leaseholder purchases a further tranche of equity in the property from Co-Ownership, and continues to be a leaseholder, the rent otherwise payable shall be adjusted. The new rent shall be recalculated so that the new rent is calculated as the lower of the new rent based on the rental determination method or the capital rent method as outlined below.

Capital rent calculation	Rental determination calculation
(Current Valuation x New Co-Own Equity percentage x X%) / 12 months	Current Monthly Rent x (New Co-Own Equity / Old Co-Own Equity)

X is the figure referred to in paragraph 11(a) above-

Once the rent has been recalculated to take account of the purchase of an additional tranche of equity, thereafter it will be come the new monthly rent and will be subject to the annual rent increase(s).

- Any changes to this Rent Policy shall be communicated to the Department for Communities (or its successors).

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