

Chapter 4

Guidance on Rents for Social Tenants with High Incomes

Key Principles

- 4.1 The Government believes that local authorities should be able to charge those in social housing with high incomes a fairer level of rent to stay in their homes.
- 4.2 This would help them to make best use of social housing. It would give them additional income to invest in new social housing – helping more people in housing need – and would help ensure sub-market rents are being provided only to those tenants who clearly need them.
- 4.3 As a result, the Government does not expect local authorities to adhere to its social rent policy expectations in relation to social tenants with high incomes.
- 4.4 We encourage local authorities to implement rent policies for social tenants with high incomes that reflect the aims outlined above. Where they do so, we expect them to follow some general principles, set out below.

Applicability

- 4.5 The expectations in chapters two and three do not apply to properties let to households with an income of at least £60,000 per year.
- 4.6 In this context, by household, we mean tenants named on the tenancy agreement, and any named tenant's spouse, civil partner or partner where they reside in the rental accommodation. By income, we mean taxable income in the tax year ending in the financial year prior to the financial (i.e. rent) year in question.
- 4.7 To give an example, the income received in the 2013-14 tax year would guide the rent payable in the 2015-16 rent setting year, where a household was above the threshold. Here, 2013-14 is the "tax year ending (on 5 April 2014) in the financial year (2014-15) prior to the financial (i.e. rent) year in question (2015-16)".
- 4.8 Where a household is subject to a sudden and ongoing loss of income, having declared that they are above the threshold, we would expect authorities to reconsider the rent that household is being charged, and amend if appropriate.
- 4.9 Where a high income social tenant's tenancy comes to an end, and they vacate the property, we would expect properties to typically be re-let in line with their previous lower rent¹ – be it at social rent or affordable rent – to a household in housing need.

¹ This expectation is not intended to restrict the re-letting of vacant properties at affordable rents within the Government's affordable homes programmes.

- 4.10 Further information on income in scope can be found at:
www.hmrc.gov.uk/incometax/taxable-income.htm.
- 4.11 Where there are more than two incomes within the household, as defined, we would expect the two highest incomes only to be taken into account.
- 4.12 We expect authorities to use additional capacity generated to fund new affordable housing, where possible.